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FEDERAL ELECTION COMMISSION
999 E Street, NW
Washington, DC 20463

FIRST GENERAL COUNSEL'S REPORT

SENSITIVE

MUR: 5031

DATE COMPLAINT FILED: 6/15/00

DATE OF NOTIFICATION: 6/22/00

DATE OF ACTIVATION: 8/13/01

EXPIRATION OF STATUTE OF LIMITATIONS:
4/04/03¹

COMPLAINANT: Rock Island County Republican Central Committee

RESPONDENTS: The Honorable Lane Evans
Friends of Lane Evans
Samuel M. Gilman, as treasurer
Eric Nelson, as assistant treasurer

Democratic Party of Illinois
Michael J. Kasper, as treasurer
Michael J. Madigan, as chairman

Rock Island County Democratic Central Committee
Walter J. Tiller, as treasurer
John Gianulis, as chairman
Rock Island GOTV Committee

17th District Victory Fund
Catherine A. Brunner, as treasurer

J.V. Consulting Services

Knox County Democratic Central Committee
Jeremy S. Karlin, as treasurer
Janet K. Hill, as chairman

Strategic Consulting Group

¹ Due to alleged continuing violations, the expiration of the statute of limitations ranges from April 4, 2003 to November 7, 2005

Solange MacArthur
Robert O. Muller

Chicago & Central States UNITE - PEC
James E. Skonicki, as treasurer

RELEVANT STATUTES: 2 U.S.C. § 431(4)(C)
2 U.S.C. § 431(8)(A) and (9)(A)
2 U.S.C. § 431(8)(B)(v) and (x)
2 U.S.C. § 431(9)(B)(viii) and (ix)
2 U.S.C. § 431(17)
2 U.S.C. § 433(a)(1) and (b)(2)
2 U.S.C. § 434(b)
2 U.S.C. § 441a(a)(1)(C)
2 U.S.C. § 441a(a)(2)(A) and (C)
2 U.S.C. § 441a(a)(5)
2 U.S.C. § 441a(d)
2 U.S.C. § 441a(f)
2 U.S.C. § 441b
11 C.F.R. § 100.5(g)(4)
11 C.F.R. § 100.7(b)(3) and (8)
11 C.F.R. § 100.7(b)(9) and (15)
11 C.F.R. § 100.8(b)(10) and (16)
11 C.F.R. § 102.5(a)
11 C.F.R. § 104.12
11 C.F.R. § 106.1(a)(1)
11 C.F.R. § 106.5(a)(2)(iv)
11 C.F.R. § 106.5(d)(1)
11 C.F.R. § 106.5(e)
11 C.F.R. § 110.3(b)(3)

INTERNAL REPORTS CHECKED: Friends of Lane Evans
Democratic Party of Illinois
17th District Victory Fund

FEDERAL AGENCIES CHECKED: None

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I. GENERATION OF MATTER

This matter originated with a complaint dated June 12, 2000 that was filed by the Rock Island County Republican Central Committee, alleging numerous violations of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with certain 1998 activities of the Democratic Party of Illinois, three local party committees, and the re-election campaign of U.S. Representative Lane Evans in the 17th Congressional District of Illinois. An amendment to the complaint was filed on September 18, 2000, alleging similar violations in 2000.

II. OVERVIEW

The central assumption of the complaint is that U.S. Representative Lane Evans and his authorized committee, Friends of Lane Evans ("the Evans Committee"), were the beneficiaries of extensive activities undertaken by one or more of the following Democratic party committees in 1998 and 2000:

- the Democratic Party of Illinois ("the State Party");
- the Rock Island County Democratic Central Committee ("the Rock Island Committee");
- the 17th District Victory Fund ("the Victory Fund"); and
- the Knox County Democratic Central Committee ("the Knox County Committee").

The recommendations regarding apparent violations of the Act and regulations addressed below include the failure of the Rock Island and Knox County Committees to register and report as political committees; the failure of the parties to report each other as affiliates; and the making and acceptance of excessive coordinated party expenditures. Recommendations are also made related to the use of nonfederal accounts by the three local party committees to pay federal shares of allocated expenditures.

1 The Analysis section of this report is organized according to groupings of related
2 respondents and according to the apparent violations that arose from their activities. The first
3 section addresses activities by the Rock Island Committee and discusses the relationship between
4 the Rock Island Committee and other respondents. The second section addresses the activities of
5 the Victory Fund and its relationship to the other respondents. The third section addresses
6 activities surrounding Strategic Consulting Group, Inc., which served as a vendor to the Victory
7 Fund. The fourth section looks at activities of the Knox County Committee, and the fifth
8 addresses the State Party. The final section briefly discusses the liability of Congressman Evans
9 as a candidate.

10 **III. THE LAW**

11 **A. Political Committee Status**

12 2 U.S.C. § 431(4)(C) includes in the statutory definition of “political committee” a “local
13 committee of a political party which receives contributions aggregating in excess of \$5,000
14 during a calendar year, or makes payments exempted from the definition of contribution or
15 expenditure as defined [at 2 U.S.C. § 431(8) and (9)] aggregating in excess of \$5,000 during a
16 calendar year, or makes contributions aggregating in excess of \$1,000 during a calendar year or
17 makes expenditures aggregating in excess of \$1,000 during a calendar year.”² 2 U.S.C.
18 § 431(8)(A) defines “contribution” as “any gift, subscription, loan, advance, or deposit of money

² Courts have not extended the “major purpose test” to local party committees required to register pursuant to 2 U.S.C. § 431(4)(C). Rather, courts have only applied the major purpose test to organizations otherwise required to register pursuant to 2 U.S.C. § 431(4)(A). See *Buckley v. Valeo*, 424 U.S. 1 (1976), *FEC v. Massachusetts Citizens for Life*, 479 U.S. 238 (1996), *FEC v. GOPAC*, 917 F. Supp. 851 (D.D.C. 1996).

1 or anything of value, made by any person for the purpose of influencing a federal election," while
2 2 U.S.C. § 431(9)(A) defines "expenditure" as "any purchase, payment, distribution, loan,
3 advance, deposit, or gift of money or anything of value, made by any person for the purpose of
4 influencing" any federal election.

5 2 U.S.C. § 433(a) requires that all committees file a Statement of Organization with the
6 Commission within 10 days of achieving political committee status. 2 U.S.C. § 434 requires all
7 political committees to file reports of their receipts and disbursements.

8 11 C.F.R. § 104.12 addresses situations in which a nonfederal committee with cash on
9 hand becomes a political committee under the Act. At the time of registration with the
10 Commission, such committees are required to "disclose on their first report the sources(s) of"
11 their cash on hand. "The cash on hand balance is assumed to be composed of those contributions
12 most recently received by the committee. The committee shall exclude from funds to be used for
13 Federal elections any contributions not permissible under the Act "³ *Id.*

14 **B. Affiliation of Committees**

15 2 U.S.C. § 433(b)(2) requires that political committees include in their Statements of
16 Organization the name, address, relationship and type of any affiliated committees. 2 U.S.C.
17 § 441a(a)(5) states that all political committees "established or financed or maintained or

³ In Advisory Opinion 1980-117, the Commission concluded that a candidate's state committee, which had received labor organization contributions, could become his authorized committee for his campaign for federal office, "by excluding on a first in, first out basis all contributions which are impermissible under the Act " Similarly, in Advisory Opinion 2000-25 the Commission permitted the transfer of funds from a party committee's nonfederal account to its new federal account, stating that the committee "should review the cash on hand in its nonfederal account using a "first in-first out" analysis ("FIFO)." The Commission also required the committee to assure that the transferred funds "may permissibly be deposited in the Federal account under section 102 5(a)(2) "

controlled” by the same persons or groups of persons are treated as a single committee for purposes of contributions made or received. 11 C.F.R. § 100.5(g)(2) states that “[a]ll committees . . . established, financed, maintained or controlled by . . . any . . . person, or group of persons, . . . or any local unit thereof, are affiliated.”

With regard to party committees, 11 C.F.R. § 110.3(b)(3) provides that “all contributions made by the political committees established, financed, maintained or controlled by a State party committee and by subordinate State party committees shall be presumed to be made by one political committee.” This presumption may be overcome if a particular party committee “has not received funds from any other political committee established, financed, maintained or controlled by any party unit” and the committee has not made “its contributions in cooperation, consultation or concert with, or at the request or suggestion of any other party unit or political committee established, financed, maintained or controlled by another party unit.” 11 C.F.R. § 110.3(b)(3)(i) and (ii).

There may also be factors in a situation that would support a finding that party committees are affiliated even if the initial presumption of affiliation is negated. For example, if a local party committee were “established” by a state party or if there were overlaps of officers or other personnel between the two entities, a finding of affiliation could be warranted even though no monies had gone from one entity to the other and even though no coordination of contributions had occurred. 11 C.F.R. § 100.5(g)(4)(i) and § 110.3(a)(3)(i).

C. Independent Expenditures

Pursuant to 11 C.F.R. § 100.8(a)(3), an independent expenditure is an “expenditure” for purposes of the Act and regulations; therefore, such expenditures count toward the threshold for

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1 political committee status. An "independent expenditure" is an expenditure made by a person
2 that "expressly advocate[s] the election or defeat of a clearly identified candidate" but is made
3 "without cooperation or consultation with any candidate, or any authorized committee or agent of
4 such candidate, and which is not made in concert with, or at the request or suggestion of, any
5 candidate, or any authorized committee or agent of such candidate." 2 U.S.C. § 431(17) and 11
6 C.F.R. § 100.16. There are no limitations on independent expenditures; however, those in excess
7 of \$200 within a calendar year that are made by political committees other than authorized
8 committees must be reported pursuant to 2 U.S.C. § 434(b)(6)(B)(iii).

9 **D. Contribution and Expenditure Limitations**

10 2 U.S.C. §§ 441a(a)(1)(C) and 441a(a)(2)(C) respectively limit to \$5,000 the amount that
11 any "person" or any multi-candidate committee may contribute in a single calendar year to a
12 political party committee that is not a national party committee. 2 U.S.C. § 441a(a)(2)(A) limits
13 to \$5,000 the amount that a multi-candidate committee may contribute to a candidate committee
14 per election. "Person" is defined at 2 U.S.C. § 431(11) as including "an individual, partnership,
15 committee, association . . . or any other organization or group of persons."

16 2 U.S.C. § 441a(d)(1) permits " the national committee of a political party and a State
17 committee of a political party, including any subordinate committee of a State committee, [to]
18 make expenditures in connection with the general election campaign of candidates for Federal
19 office, subject to [certain] limitations" This provision permitting additional but limited
20 expenditures by state and local party committees on behalf of their candidates, over and above
21 their \$5,000 contribution limit, does not depend upon the affiliation of the various party
22 committees; rather, the statute provides "one spending limit for the entire State party

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1 organization: State, county, district, city, auxiliary, or other party political committee.” Advisory
2 Opinion 1978-9.

3 State party committees are responsible for ensuring that the coordinated expenditures of
4 all committees within the state and local party organization remain within the Section 441a(d)
5 limitations. 11 C.F.R. § 110.7(c). State parties may assign their Section 441a(d) expenditure
6 limitations to a national party committee. Democratic Senatorial Campaign Committee v. FEC,
7 660 F. 2d 773 (D.C. Cir. 1980), rev'd 454 U.S. 27 (1981), on remand, 673 F.2d 4551 (1982).

8 Only expenditures that are “coordinated” between a party committee and a candidate are
9 subject to the Section 441a(d) limitations. Coordinated expenditures are expenditures made by
10 any person in cooperation, consultation, or concert, with, or at the request or suggestion of, a
11 candidate, his or her authorized political committees, or their agents. 2 U.S.C.
12 § 441a(a)(7)(B)(i). Political parties can also make expenditures independently of candidates that
13 are not subject to the limitations of 2 U.S.C. § 441a(d). See Colorado Republicans v. Federal
14 Election Commission, 518 U.S. 604, 614-616 (1996) (“Colorado Republicans I”).⁴ Once
15 coordinated party expenditures exceed the limitations of Section 441a(d), they become in-kind
16 contributions to the candidate with whose committee they are coordinated. Committees that
17 accept or receive contributions in excess of the limitations, or that use excessive contributions to
18 make contributions or expenditures, violate 2 U.S.C. § 441a(f).

⁴ In FEC v. Colorado Republican Federal Campaign Committee, 533 U.S. 431 (2001) (“Colorado Republicans II”), the Supreme Court upheld the constitutionality of the coordinated party expenditure limits set forth at Section 441a(d)

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E. Generic Party Activity

State and local party committees may undertake generic voter drive activity, including voter identification, voter registration and get-out-the-vote activities directed toward the general public and in support of candidates of a particular party or campaigning on a particular issue, without having to allocate these expenditures to such candidates, provided that no specific candidate is mentioned. 11 C.F.R. § 106.5(a)(2)(iv). Expenditures for such activities must, however, be reported as "Administrative/ Voter Drive" activity and, as discussed below, must be allocated between the committee's federal and nonfederal accounts. 11 C.F.R. § 104.10(b).

F. Exempt Party Activity

11 C.F.R. § 100.7(b)(3) & (8) permit the provision of uncompensated personal services to a party committee by volunteers and the unreimbursed payment by volunteers of their own living expenses, without such services or payments becoming contributions. The party organization may pay for the travel and subsistence of the volunteers without taking away their volunteer status. 11 C.F.R. § 100.7(b)(15)(iv). Such payments for travel and subsistence must be reported, but do not need to be allocated to specific candidates. 11 C.F.R. §§ 100.7(b)(15)(v), 100.8(b)(16)(v), and 104.10(b).

2 U.S.C. §§ 431(8)(B)(x) and (9)(B)(viii) and 11 C.F.R. §§ 100.7(b)(15) and 100.8(b)(16) exempt from the definitions of "contribution" and "expenditure" payments by state or local party committees "of the costs of campaign materials (such as pins, bumper stickers, handbills, brochures, posters, party tabloids or newsletters and yard signs) used by such committees in connection with volunteer activities on behalf of any nominee(s) of such party," so long as such materials are not used in general public communications or political advertising such as

1 broadcasting or direct mail.⁵ The materials must be distributed by volunteers, not by
2 commercial or for-profit entities. 11 C.F.R. § 100.8(b)(16)(iv). Materials furnished by a national
3 party committee or bought with national party funds are not eligible for the exemption. 11
4 C.F.R. § 100.8(b)(16)(vii).

5 The federal portions of the payments for these materials must come from contributions
6 that are "subject to the limitations and prohibitions" of the Act and must not be made "from
7 contributions designated by the donor to be spent on behalf of a particular candidate or particular
8 candidates for Federal office." 11 C.F.R. § 100.8(b)(16)(i), (ii), and (iii).

9 Because activity falling within the so-called "volunteer exemption" does not result in
10 contributions or expenditures, neither express advocacy, nor other language in the
11 communications supporting a candidate's election or defeat, nor coordination of such activity by
12 a state party with the candidate(s) benefited becomes an issue. While such expenditures must be
13 reported as disbursements, as required by 11 C.F.R. § 104.3, they need not be allocated to
14 particular candidates. 11 C.F.R. § 100.8(b)(16)(v).

15 **G. Allocation of Expenditures**

16 Pursuant to 11 C.F.R. § 106.1(a)(1), any expenditure made on behalf of more than one
17 clearly identified candidate must be "attributed to each such candidate according to the benefit
18 reasonably expected to be derived." Expenditures for generic party activity and for party
19 activities exempt from the definition of "contribution" must be allocated between the party

⁵ "Direct mail" is defined at 11 C F R § 100 8(b)(16)(i) as "any mailing(s) by a commercial vendor or any mailing(s) made from commercial lists", lists obtained from public offices are not considered commercial lists Explanation and Justification, 45 Fed Reg 15081, (March 7, 1980).

1 committee's federal and nonfederal accounts according to the ballot composition methods set out
2 at 11 C.F.R. § 106.5(d)(i) and (ii). 11 C.F.R. § 106.5. Payments for party communications used
3 by volunteers as part of exempt party activity must be allocated between federal and nonfederal
4 activity using the time or space methods set out at 11 C.F.R. § 106.5(e). More generally,
5 expenditures for publication or broadcast communications are allocable based upon the
6 proportion of space or time devoted to a particular candidate. 11 C.F.R. § 106.1(a)(1).

7 Party committees that finance activities with regard to both federal and nonfederal
8 elections must either establish a separate federal account into which are to be deposited only
9 contributions that are neither prohibited nor in excess of the statutory limitations, or, in the
10 alternative, must establish a separate committee for purposes of its federal activities. 11 C.F.R.
11 § 102.5. Contributions, expenditures and transfers made in connection with a federal election by
12 any committee with separate federal and nonfederal accounts must be made solely from the
13 federal account, and no funds may be transferred into that account from a nonfederal account
14 except as provided by 11 C.F.R. §§ 106.5 and 106.6. 11 C.F.R. § 102.5(a)(1)(i).

15 **H. Prohibited Contributions**

16 2 U.S.C. § 441b prohibits the making of contributions and expenditures by corporations,
17 banks and labor organizations in connection with federal elections, and the receipt of such
18 contributions by federal candidates and political committees. Committees also violate this
19 provision by using prohibited contributions to make expenditures in connection with federal
20 elections.

21 As noted above, 11 C.F.R. § 102.5(a) requires political committees that finance both
22 federal and nonfederal activities either to maintain separate federal and nonfederal accounts or

1 make sure that no prohibited funds go into an account used for both purposes. 11 C.F.R.
2 § 102.5(b), on the other hand, permits committees that are not political committees under the
3 Act, and State and local party committees that undertake exempt activity, to either maintain a
4 separate account into which only permissible funds are deposited or be able to demonstrate that
5 there were sufficient permissible funds in an account to make federal contributions or
6 expenditures.

7 **I. Reporting of In-kind Contributions and Coordinated Party Expenditures**

8 Political committees are required to report all expenditures aggregating in excess of \$200
9 in a calendar year, including in-kind contributions to candidates, pursuant to 2 U.S.C.
10 § 434(b)(5)(A). Party committees are also required to report all coordinated party expenditures,
11 pursuant to 2 U.S.C. § 434(b)(4)(H)(iv) and (6)(B)(iv). State party committees are responsible
12 for either filing consolidated reports of their own and subordinate party committees' coordinated
13 expenditures or for finding another approved method of controlling these expenditures.
14 11 C.F.R. § 100.7(c).

15 **IV. FACTUAL AND LEGAL ANALYSIS**

16 **A. Rock Island County Democratic Central Committee and Related Respondents**

17 **1. Political Committee Status of the Rock Island Committee**

18 The Rock Island Committee is not registered with the Commission. As a local party
19 committee, it should have registered as a political committee under the Act if it met one of the
20 following three thresholds during a calendar year: 1) it made more than \$1,000 in contributions
21 or expenditures; 2) it raised more than \$5,000 in contributions; or 3) it spent more than \$5,000 on
22 exempt party activities. 2 U.S.C. §§ 431(4)(C) and 433(a). As explained below, the Rock Island

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1 Committee appears to have made more than \$1,000 in expenditures in 1998. These expenditures
2 were used for mailers, radio advertisements, and a \$1,000 contribution to the Evans Committee.⁶

3 Attached to the complaint were two mailers apparently sent out in 1998 by the Rock
4 Island Committee. (Attachment 1). According to the complaint, one mailer was delivered on
5 October 19, and the second on October 26, 1998. Both mailers refer to Tuesday, November 3,
6 and include the phrase, "Vote for Congressman Lane Evans And The Entire Democratic Ticket."
7 The disclaimer on each of the two mailers read: "Paid For By Rock Island County GOTV
8 Committee," an account of the Rock Island Committee.

9 The complaint also discusses a radio advertisement that allegedly was paid for by the
10 Rock Island Committee and that urges people to vote for Lane Evans. The complaint did not
11 provide a script for these radio advertisements, but stated that "Congressman Lane Evans was the
12 only candidate mentioned by name in the radio commercial," that "[t]he script commented on his
13 character, qualifications and accomplishments," and that the last lines of the advertisement "said,
14 'Lane Evans has always stood by us. Now it's time to stand by Lane Evans. On November 3rd,
15 Vote for the entire Democratic ticket.'"⁷ Complaint at pages 10-11.

16 Generic party activities, as well as certain exempt party activities, do not constitute
17 expenditures under the Act. *See* 11 C.F.R. §§ 106.5(a)(2)(iv) and 100.7(b)(16). Nonetheless,
18 neither the mailers nor the radio advertisement appear to qualify for these exemptions. First, the

⁶ The Rock Island Committee's state report itemized the contribution to the Evans Committee as "GOTV Assistance." The Evans Committee reported receiving the \$1,000 as a contribution.

⁷ As will be discussed below, it appears that the Knox County Democratic Central Committee placed the same advertisement on local stations

1 communications specifically refer to candidate Evans and thus do not qualify as generic party
2 activity. *See* 11 C.F.R. § 106.5(a)(2)(iv). Second, the mailers were apparently distributed by a
3 commercial vendor, not as part of volunteer activities, and are thus ineligible to be treated as
4 exempt volunteer activity, as are radio advertisements. *See* 11 C.F.R. § 100.7(b)(16). The Rock
5 Island Committee, in its response to the complaint, acknowledges that the communications may
6 have constituted federal expenditures:

7 The Committee did not intend to become a federal political committee,
8 and believed that its activities were within the range to avoid any such
9 requirement. We are now aware that some of the activities may not have
10 been permissible exempt activity . . . ”

11 (Emphasis added).

12 Because payments for the mailers and the radio advertisement appear to be expenditures,
13 the next issue is whether the Rock Island Committee spent more than \$1,000 on them. As the
14 complaint notes, the Rock Island Committee's 1998 state report for the period of July through
15 December shows several payments apparently related to the mailers and the radio advertisement.
16 Although the exact dates of these expenditures are not always given (the timing for several was
17 reported as "7-1-98 thru 12-31-98"), the seemingly relevant payments are summarized below.

Payee	Amount	Purpose
Review Printing	\$6,177.10	Printing and Mailing Expenses
Rock Island County Clerk	\$720.00	Voter Lists, Labels and Poll Lists
Quad-City Printers	\$1,790.00	Printing Mailers
Postmaster	\$13,764.30	Postage, Bulk Mailing, etc.
Radio Station WSDR	\$624.00	Radio Advertising

Axelrod and Associates	\$12,001.44	Radio buy & production cost
TOTAL:	\$35,076.84	

1 In addition to expenses listed above, the Rock Island Committee's state report also
2 itemized a \$4,930.44 in-kind contribution from J.V. Consulting Services. The complaint alleged
3 that this in-kind contribution was made in connection with these mailings: "the bulk rate permit
4 on both direct mail pieces . . . Permit #211, is registered to J.V. Consulting . . ." If this allegation
5 in the complaint is correct, and because in-kind contributions are reportable by the recipient
6 committee as expenditures, this \$4,930.44 paid by J.V. Consulting should be added to the Rock
7 Island Committee's expenditures. *See* 11 C.F.R. § 104.13.

8 Both the mailers and the radio advertisements contain the exhortation to vote for Lane
9 Evans and the Democratic ticket. Expenditures made on behalf of more than one clearly
10 identified candidate must be attributed to candidates based on the space and time devoted to each
11 candidate as compared to the total space and time devoted to all candidates.⁸ *See* 11 C.F.R.
12 § 106.1(a)(1). The regulations do not specifically address allocating expenditures for
13 communications that combine generic party support with express advocacy, as is the case here.
14 Nonetheless, the Commission has approved of allocating such expenditures on a time-space basis
15 to determine the benefit reasonably expected to be derived by the clearly identified candidate.
16 *See* Preliminary Audit Report of Bush-Cheney 2000, Inc. (LRA #593).

⁸ Absent Lane Evans being mentioned by name, each mailer would have constituted generic party activity which would have been subject to a ballot composition ratio of 20% federal/80% nonfederal because there were two federal candidates—one for the House of Representatives (Congressman Evans) and one for the U S Senate (Senator Carol Mosley Braun)—and eight nonfederal candidates on the ballot *See* 11 C.F.R. § 106.5(d)

Applying the time-space ratio to each mailer and the radio advertisement, this Office calculated that the Rock Island Committee made federal expenditures of at least \$30,782.40.⁹ Combined with its \$1,000 contribution to the Evans Committee, the Rock Island Committee appears to have made a minimum of \$31,782.40 in federal expenditures during the 1998 calendar year. Therefore, this Office recommends that the Commission find reason to believe that the Rock Island County Democratic Central Committee and Walter J. Tiller, as treasurer, violated 2 U.S.C. §§ 433(a) and 434 by failing to register and report as a political committee.

2. Affiliation of the Rock Island Committee with the State Party

The complainant alleged that the Rock Island Committee is affiliated with both the State Party and the Rock Island County GOTV Committee ("Rock Island GOTV Fund"). The complaint also cites a \$2,000 transfer from the State Party to the Rock Island Committee on October 31, 1998 as evidence of affiliation. The Rock Island Committee "confirm[s] that it is affiliated with the state party" and states that the Rock Island GOTV Fund is an account it established "to conduct its coordinated campaign activities." The State Party, in its response to the complaint, denied affiliation with the Rock Island Committee, stating that the latter "is not a political committee as defined by the Act," and arguing that the single, \$2,000 transfer from the state party to the Rock Island Committee was a nonfederal transfer "specifically permitted by 11 C.F.R. § 110.3(c)."

⁹ Specifically, this Office applied a 50% federal ratio for the first mailer (Attachment 1) because it equally supported the party ticket and Lane Evans, 90% for the second mailer (Attachment 2) because it almost exclusively supported Lane Evans, and 92% for the radio advertisement because it also almost exclusively focused on Lane Evans and because less than 5 seconds (8% of the total amount of time) were likely spent urging listeners to vote for the entire party ticket.

1 The Commission's regulations establish the presumption that state party committees and
2 their subordinate party committees are affiliated. 11 C.F.R. § 110.3(b)(3). The presumption
3 holds if the subordinate committee is "established, financed, maintained, or controlled by a State
4 Party."¹⁰ *Id.* Here, the \$2,000 transfer from the State Party to the Rock Island Committee is
5 evidence that the Rock Island Committee had a relationship with the State Party and thus was not
6 outside the presumption of affiliation.¹¹ Additionally, the chairman of the Rock Island
7 Committee, John Gianulis, was the former treasurer of the State Party, indicating a possible
8 connection between maintenance of the parties.

9 It is also possible that the State Party's affiliation with the Rock Island Committee can be
10 evidenced by their joint participation in the Democratic National Committee's "Coordinated
11 Campaign" program. This GOTV program involving party committees at all levels, as well as
12 non-party entities, has been an election cycle fixture in many states, beginning in the early
13

¹⁰ The regulations state that the presumption of affiliation may be overcome if the subordinate committee has not received funds from other committees in the party unit and has not coordinated its contributions with other committees in the party unit. See 11 C.F.R. § 110.3(b)(3). Because the Rock Island Committee has received funds from the State Party, however, the presumption of affiliation cannot be overcome. Although the funds transferred to the Rock Island Committee by the State Party were likely nonfederal, section 110.3(b)(3)(i) refers to "funds," not to "federal funds," "contributions," or "expenditures." In addition, the regulation cites no amount below which a state party committee can make disbursements to a local party committee without disqualifying it from the exemption to the presumption of affiliation.

¹¹ The complaint also lists five contributions to the Rock Island Committee in 1998 that were from organizations or other local parties supposedly affiliated with the State Party. Not enough information is currently available to determine whether they are subordinate committees subject to the presumption of affiliation at 11 C.F.R. § 110.3(b)(3). Should an investigation of the State Party show that it is affiliated with other local committees, this Office will report back to the Commission.

1980's¹² and extending into and beyond 1998.¹³

As was ascertained by this Office in MUR 4291, a recently closed enforcement matter, the Democratic "Coordinated Campaign" in 1996 was a collection of statewide campaign structures involving Democratic nominees, officeholders and other, allied organizations in each state. These separate coordinated campaigns operated under "ground rules" set out by the DNC and/or the state party committees, and involved a variety of field activities. The party hierarchy, including the state parties, meticulously planned the activities to be undertaken within their states and even required "sign-offs" by state party leadership. The coordinated campaigns were intended to centralize all Democratic voter identification and GOTV efforts within each state or subdivision thereof, thus both eliminating duplication of effort between Democratic campaigns for different offices in the same geographic jurisdictions and enhancing the party committees' abilities to take maximum advantage of the Commission regulations concerning allocation of expenses between federal and nonfederal candidates.

Given language in the responses to the complaint which refer to a coordinated campaign, the high profile and competitive Senate and governor races in Illinois in 1998, and the challenges that year to certain Democratic incumbents in the U.S. House of Representatives from Illinois districts, including the 17th District, it appears likely that there was an active Democratic "Coordinated Campaign" in Illinois in 1998. Although an investigation is needed to confirm

¹² Deposition of Jill Alper, then political director of the Democratic National Committee, in FEC v. Democratic Party, et al., No. CIV-S-97-891, GEB/PAN California, April 19, 1999

¹³ In 1996, for example, certain races in certain states were targeted for extensive telephoning, direct mail for voter identification and GOTV, and media advertising.

1 such a campaign, available information suggests it would have been likely that the local party
2 committees would not only have coordinated their GOTV activities with the State Party, but that
3 the State Party would have exerted considerable control via approval power over those activities.
4 Such control could well have brought the relationship of the State Party and the Rock Island
5 Committee within the definition of affiliation at 11 C.F.R. § 100.5(g).

6 In light of the presumption of affiliation, the Rock Island Committee's actual admission
7 of such a relationship, the likelihood of a 1998 Coordinated Campaign, and the State Party's
8 1998 transfer to the Rock Island Committee, there are sufficient grounds to suggest that the Rock
9 Island Committee was affiliated with the State Party. Accordingly, this Office recommends that
10 the Commission find reason to believe that the Democratic Party of Illinois and Michael J.
11 Kasper, as treasurer, violated 2 U.S.C. § 433(b)(2) by failing to report the Rock Island County
12 Democratic Central Committee as an affiliated committee. The failure of the Rock Island
13 Committee to report the State Party as an affiliated committee would provide an additional basis
14 for this Office's recommendation that the Commission find reason to believe the Rock Island
15 Committee violated 2 U.S.C. § 434. See pg. 14.

16 3. Coordinated Party Expenditures

17 The complaint alleges that the Rock Island Committee and the State Party made excessive
18 coordinated party expenditures. In 1998, one of the Democratic national party committees could
19 have made \$32,550 in coordinated expenditures on behalf of a candidate for the House of
20 Representatives in the general election in Illinois. See 2 U.S.C. § 441a(d). Additionally, the
21 Democratic Party of Illinois and the county and other subordinate committees of that party

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1 committee could together have made another \$32,550 in Section 441a(d) coordinated
2 expenditures on behalf of each Democratic House candidate. *Id.*

3 In addition to coordinated expenditures, the State Party, together with its local
4 committees, and the national party could each have made a total of \$5,000 in direct contributions
5 to that candidate for the general election.¹⁴ See 2 U.S.C. § 441a(a)(2)(A). Thus, the State Party
6 together with its subsidiary committees and the national party each could have made \$5,000 in
7 contributions to the Evans Committee as well as \$32,550 in coordinated expenditures on behalf
8 of the Evans campaign. The national party could have made additional expenditures within any
9 limitations assigned to it by the State Party, although the State Party's own limitation would have
10 been diminished by the amount of the assignment used. 2 U.S.C. § 441a(d).

11 In 1998, the State Party reported no Section 441a(d) expenditures on behalf of Lane
12 Evans by itself or by any subordinate committee. Reports filed by the Democratic Congressional
13 Committee ("DCCC") in 1998 itemized on its Schedule F submissions show \$46,434 in Section
14 441a(d) expenditures for "Mail Services" and "In-House Media Services" on behalf of Lane
15 Evans. Each such schedule bore at the top of the statement: "THIS COMMITTEE HAS BEEN
16 DESIGNATED TO MAKE COORDINATED EXPENDITURES BY THE DEMOCRATIC
17 NATIONAL COMMITTEE OR THE STATE DEMOCRATIC PARTY." Given that the

¹⁴ The Commission has concluded in several advisory opinions that, because all affiliated political committees share a single contribution limitation and may make unlimited transfers among themselves, a new political committee affiliated with a pre-existing multi-candidate committee takes on the latter's multi-candidate status. Advisory Opinions 1990-16, 1986-42, 1983-19, 1980-40. Thus, in the present matter, affiliation of the Rock Island Committee with the Democratic Party of Illinois, a multi-candidate committee, would have conferred multi-candidate status upon the Rock Island Committee, permitting the latter and any affiliated committees to make a total of \$5,000 in contributions to the general election campaign of Lane Evans.

1 DCCC's reported Section 441a(d) expenditures exceed the national party's limit, it appears that
2 the State Party also assigned at least \$13,884 of its expenditure authority to the DCCC (\$46,434
3 – 32,550 = \$13,884).

4 The State Party's apparent assignment of a portion of its expenditure authority to the
5 DCCC would have left the State Party with \$18,666 for its own and its subordinates' use. The
6 addition of the \$5,000 in contribution authority would have brought to \$23,666 the amount that
7 the State Party and its subordinate local party committees could have expended on behalf of the
8 Evans campaign. However, as discussed in the previous section, the Rock Island Committee
9 alone has apparently made a total of \$31,782.40 in federal expenditures to or on behalf of Lane
10 Evans. If these expenditures were coordinated with the Evans Committee, then the State Party,
11 acting through the affiliated Rock Island Committee, would have exceeded its expenditure
12 authority under 2 U.S.C. § 441a(d).

13 The complaint alleges that the expenditures by the Rock Island Committee were in fact
14 coordinated with the Evans Committee. To support this allegation, the complaint cited the
15 picture on the second Rock Island Committee mailer as probably having been provided by the
16 Evans Committee. Additionally, Lane Evans himself may have been personally involved with
17 the mailers, as he is listed on the mailer as a member of the Rock Island GOTV Fund. The Evans
18 Committee has not explicitly denied coordination with the Rock Island Committee, arguing
19 instead that it understood the local party's activities to have been "exempt party" activities. The
20 Rock Island Committee also does not deny coordination; in fact, it explicitly states that the Rock
21 Island GOTV Fund was used to conduct "coordinated activities."

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1 The aforementioned facts suggest that the Rock Island Committee and the Evans
2 Committee may have engaged in substantial communications about the creation and distribution
3 of the mailers and radio advertisement and thus require further investigation to probe the extent
4 of possible coordinated activities.¹⁵ Therefore, this Office recommends that the Commission
5 find reason to believe that the Democratic Party of Illinois and Michael J. Kasper, as treasurer,
6 and the Rock Island County Democratic Central Committee and Walter J. Tiller, as treasurer,
7 violated 2 U.S.C. § 441a(f) by exceeding the Section 441a(d) limitation as to the campaign of
8 Lane Evans. This Office also recommends that the Commission find reason to believe that
9 Friends of Lane Evans and Samuel M. Gilman, as treasurer, violated 2 U.S.C. § 441a(f) by
10 accepting excessive in-kind contributions in the form of excessive coordinated party
11 expenditures. Because these expenditures were not reported, this Office further recommends that
12 the Commission find reason to believe that the Democratic Party of Illinois and Michael J.
13 Kasper, as treasurer, violated 2 U.S.C. § 434(b)(4) and (6) and 11 C.F.R. § 110.7(c).¹⁶

14 4. Receipt and Use of Impermissible Funds

15 The complaint also alleges that the Rock Island Committee received and expended funds
16 that are prohibited under the Act. The complaint attached the Rock Island Committee's state
17 disclosure report for the second half of 1998. This report, summarized below, reveals total

¹⁵ If the expenditures were independent, the Rock Island Committee was required to report these as independent expenditures and certify that the expenditures were not made in coordination with the candidate, which it has not done. See 2 U.S.C. § 434(b)(4)(H)(iii).

¹⁶ Candidate committees are not required to report coordinated party expenditures made on their behalf. 11 C.F.R. § 104.3(a)(3)(iii), *Wertheimer v. Federal Election Commission*, 268 F.3d 1070, 1073 (D.C. Cir. 2001) ("A candidate is not required to report as contributions coordinated expenditures by his political party").

receipts of \$111,488.17 plus an in-kind contribution of \$4,930.

July-December 1998 Receipts by the Rock Island Committee

Source	Amount
Itemized contributions	\$9,500
Unitemized contributions	\$31,808.95
Local and state unions	\$30,486
State committees and PACs	\$38,693.22
Loan from John Gianulis	\$1,000
In-kind receipts from J.V. Consulting Services	\$4,930.44

The above information indicates that the Rock Island Committee may have received prohibited labor or corporate contributions under the Act. *See* 2 U.S.C. § 441b. Thus, the Rock Island Committee may have used impermissible funds to pay for federal activity in violation of 11 C.F.R. § 102.5(a)(1). Although the Rock Island Committee appears to have received sufficient permissible funds from individuals to pay for its federal expenditures, it has not attempted to show through reasonable accounting means that only permissible funds were used for those federal expenditures. Therefore, this Office recommends that the Commission find reason to believe that the Rock Island County Democratic Central Committee and Walter J. Tiller, as treasurer, violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a)(1).

The complaint also alleged that the Rock Island Committee received a prohibited in-kind contribution from J.V. Consulting Services of Rock Island, Illinois. This \$4,930.44 contribution was itemized in the Rock Island Committee's state report as having been made in October 1998, and it related to mailing costs for the committee's communications in support of the Evans

1 campaign. In response to the complaint, the owner of J.V. Consulting Services, Don Johnston,
2 states that he "did prepare mail pieces for the Rock Island County Democratic Central
3 Committee" and that he sorted them for bulk mail and delivered them to the post office. "[M]y
4 part in this mailing was a donation to the Rock Island County Democratic Central Committee and
5 I understand that they claimed it as an in-kind contribution."

6 Mr. Johnston also stated that his business is a sole proprietorship, not a corporation. A
7 search of Illinois public records finds no evidence to contradict that claim. In light of the non-
8 corporate status of J.V. Consulting Services and of the fact that the total of the in-kind
9 contributions to the Rock Island Committee was within the \$5,000 limitation for contributions to
10 party committees per calendar year, pursuant to 2 U.S.C. § 441a(a), this Office recommends that
11 the Commission find no reason to believe that J.V. Consulting Services violated the Act and
12 close the file as to this respondent.

13 5. Involvement of Additional Committee Officers

14 The complaint cited as respondents the chairman of the Rock Island Committee, John
15 Gianulis, the chairman of the State Party, Michael J. Madigan, and the assistant treasurer of
16 Friends of Lane Evans, Eric Nelson. There is no information to show personal involvement of
17 Messrs. Madigan and Nelson in the apparent violations discussed above. Although the available
18 information indicates that Mr. Gianulis may have been a significant player in State Party and the
19 Rock Island Committee, his personal involvement in specific transactions is not yet known.
20 Therefore, this Office recommends that the Commission take no action at this time with regard to
21 Mr. Gianulis, Mr. Madigan, and Mr. Nelson.

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B. 17th District Victory Fund and Related Respondents

1. Affiliation with Other Committees

The Victory Fund's name is derived from the Illinois 17th Congressional District, in which Lane Evans was a candidate and which encompasses Rock Island and Knox Counties.

The Victory Fund originally filed a Statement of Organization with the Commission on June 22, 1998 as a local committee of the Democratic Party, but it did not list any affiliated committees.

In response to a request for clarification from the Commission's Reports Analysis Division, the Victory Fund wrote that "the 17th District Victory Fund is not affiliated with the State Party."

The complaint, however, alleged that in 1998 the Victory Fund was affiliated with the State Party and that this affiliation was not reported to the Commission. The Victory Fund and the State Party deny that they are affiliated with one another.

In response to the complaint in this matter, the Victory Fund asserted that it had met both criteria for overcoming the presumption of the affiliation of state and local party committees because it did not receive any funds from any other party committee and it "did not coordinate its contributions with any other party committee." The State Party, in its response to the complaint, also denied affiliation: "[T]he Democratic Party of Illinois is not affiliated with, or have [sic] any connection whatsoever to, the 17th District Victory Fund." The State Party argues that the original complaint did not allege "that [the State Party] transferred funds to or received any funds from the 17th District Victory Fund. In addition, there is no allegation that [the State Party] makes contributions in cooperation, consultation or concert with the 17th District Victory Fund or any of its officers." Similarly, the Rock Island Committee denies affiliation with the Victory

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1 fund and claims that the Victory Fund was created independently of the State Party and its
2 subordinated committees.

3 John A. Gianulis served as chair of both the Rock Island Committee and the Victory Fund
4 in 1998. The Victory Fund acknowledges that it shares the same chairperson as the Rock Island
5 Committee, but it argues that "the Chairman of the two committees does not control the
6 contributions made by the committees, but rather is only one voice of many that make these
7 decisions." Nonetheless, the fact that the Victory Fund and the Rock Island Committee share a
8 common officer serves as evidence of affiliation. *See* 11 C.F.R. § 100.5(g)(4)(ii)(E). Further, if
9 Mr. Gianulis or the Rock Island Committee had an active role in the creation of the Victory
10 Fund, that would also serve as evidence of affiliation. *See* 11 C.F.R. § 100.5(g)(4)(ii)(J).
11 Finally, both the Rock Island Committee and the Victory Fund used a common vendor, Strategic
12 Consulting, Inc., for certain GOTV activities. *See* 11 C.F.R. § 100.5(g).

13 As for the relationship between the State Party and the Victory Fund, their joint
14 participation in 1998 in any "Coordinated Campaign" program, with its built-in national and state
15 party planning and approval, would provide support for a finding of affiliation with each other
16 and with the Rock Island Committee. *See* 11 C.F.R. § 110.3(b). Evidence of a coordinated
17 campaign in 1998 in the 17th Congressional District is to be found in the very creation of the
18 Victory Fund itself, as the name "17th District Victory Fund" shows the party's interest in the
19 campaign of incumbent Congressman Lane Evans from that district.

20 Two of the responses to the complaint actually contained language that pointed to the
21 existence of a "Coordinated Campaign." The Victory Fund's response stated that it has
22 conducted "coordinated campaign efforts," noting that it "undertook an active GOTV effort

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1 during the 1998 campaign for the entire Democratic party ticket [in the 17th District].”

2 (Emphasis added.) More pointedly, the Friends of Evans response stated:

3 The Evans Campaign and other candidates did met [sic] periodically with
4 the 17th District Victory Fund to discuss the coordinated campaign
5 activities. The Evans Campaign understood that the activities to be
6 undertaken as part of the coordinated campaign were exempt party activities
7 under the federal campaign laws, or generic party activities benefiting the
8 entire ticket.

9 (Emphasis added). Given the available information regarding the “coordinated campaign” run by
10 the Democratic Party in 1998, the local party committees likely would not only have coordinated
11 their GOTV activities with the State Party, but the State Party would have exerted considerable
12 control via approval power over those activities. Such control could well have brought the
13 relationship of the State Party and the Victory Fund within the meaning of affiliation at 11 C.F.R.
14 §§ 100.5(g) or 110.3(b).

15 Overall, there are sufficient facts to indicate that the Victory Fund may have been
16 affiliated with both the Rock Island Committee and the State Party. Therefore, this Office
17 recommends that the Commission find reason to believe that the 17th District Victory Fund and
18 Catherine A. Brunner, as treasurer,¹⁷ violated 2 U.S.C. § 433(b)(2) by failing to include the Rock
19 Island Committee and the State Party as affiliated committees on its Statement of Organization.
20 This Office also recommends that the Commission include the failure of the State Party to report
21 the Victory Fund as an affiliate in its finding of reason to believe that the Democratic Party of
22 Illinois and Michael J. Kasper, as treasurer, violated 2 U.S.C. § 433(b)(2). See pg. 17. The

¹⁷ Catherine A. Brunner has replaced the previous treasurer, Connie L. Engholm

1 failure of the Rock Island Committee to report the Victory Fund as an affiliated committee would
2 also provide an additional basis for this Office's recommendation that the Commission find
3 reason to believe the Rock Island Committee violated 2 U.S.C. § 434. *See* pg. 14.

4 Affiliated party political committees share contribution limitations. *See* 11 C.F.R.
5 § 110.3(b)(3). Thus, assuming affiliation, the State Party, the Rock Island Committee, and the
6 Victory Fund shared a \$5,000 per calendar year limitation on federal contributions received. The
7 receipt of contributions that exceeded these limitations would put the recipient committees in
8 violation of 2 U.S.C. § 441a(f). In 1998, the State Party and the Victory Fund reported receiving
9 the following federal contributions from the same sources:

	<u>Recipients</u>			
	<u>Demo. Party of Illinois</u>		<u>17th District Victory Fund</u>	
<u>Contributors</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
Laborers Political League	10/15	\$2,500	9/15	\$5,000
	10/16	2,500		
AFL-CIO COPE	10/1	5,000	10/27	5,000
Carpenters Legislative	8/15	5,000	10/19	5,000
Improvement Committee				
Human Rights Campaign	9/20	2,300	10/8	5,000
United Food & Commercial	10/23	5,000	10/27	5,000
Workers –Active Ballot Club				

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25 In each of these instances the total of the aggregated contributions received by the two
26 committees exceeded \$5,000. Therefore, this Office recommends that the Commission find
27 reason to believe that the Democratic Party of Illinois and Michael J. Kasper, as treasurer, and
28 the 17th District Victory Fund and Catherine A. Brunner, as treasurer, violated 2 U.S.C. § 441a(f)
29 by accepting excessive contributions.

2. Coordinated Party Expenditures

The complaint alleges that the Victory Fund and the State Party made excessive coordinated party expenditures. Expenditures made by state and local party committees pursuant to 2 U.S.C. § 441a(d) are subject to one limitation. 11 C.F.R. § 110.7(b)(1). Thus, as with the Rock Island Committee, it becomes necessary to examine whether there was sufficient interaction between the Evans campaign and the Victory Fund to warrant an investigation into whether the expenditures were coordinated.

The Victory Fund's response to the complaint stated that the committee "has, for many years, conducted coordinated campaign efforts for Democratic candidates in this region – those efforts have consisted primarily of assisting in educating the public about Democratic Party issues and getting people out to vote on election day." The Evans Committee acknowledges in its response to the complaint that it met "periodically with the 17th District Victory Fund to discuss the coordinated campaign activities. The Evans Campaign understood that the activities to be undertaken as part of the coordinated campaign were exempt party activities under the federal campaign laws, or generic party activities benefiting the entire ticket."

Although the Victory Fund's response focuses on GOTV activity designed to benefit the entire Democratic ticket, there are a number of bases for believing that the Victory Fund may have coordinated its expenditures with the Evans Committee. In addition to being named after Congressman Evans' congressional district, the Victory Fund maintained its headquarters in the same building and on the same floor as the headquarters of the Evans campaign. The complaint also alleges that "[t]he campaign manager for Friends of Lane Evans held organizational planning meetings every Sunday with the staff of the 17th District Victory Fund." Additionally,

1 as detailed in the next section of this Report, the Victory Fund contracted with Strategic
2 Consulting, Inc. to organize "volunteers" who reportedly worked on behalf of the Evans
3 campaign. Finally, neither the Victory Fund nor the Evans Committee disputed statements in the
4 complaint and/or the press about volunteers from the Victory Fund taking part in activities that
5 reportedly benefited the Evans campaign.

6 The aforementioned facts provide a sufficient basis to investigate whether the Victory
7 Fund coordinated its activities with the Evans Committee. Coordinated expenditures made by
8 local parties such as the Victory Fund share the same limit as for state parties. 2 U.S.C.
9 § 441a(d). Thus, if the Victory Fund made coordinated expenditures on behalf of the Evans
10 Committee, those expenditures would be added to the amount of coordinated expenditures by the
11 State Party and any other subordinate local party committee, including the Rock Island
12 Committee. As discussed in the previous section on the Rock Island Committee, the State Party
13 and its subordinate parties already appear to have exceeded the \$32,550 limit in 1998. *See* pg.
14 17.

15 Therefore, based on all the reasons stated, this Office recommends that the Commission
16 find reason to believe that the Victory Fund and Catherine A. Brunner, as treasurer, violated
17 2 U.S.C. § 441a(f) by exceeding the coordinated party expenditure limitation at 2 U.S.C.
18 § 441a(d) on behalf of Lane Evans. This Office further recommends that the coordinated
19 expenditures made by the Victory Fund be added to the Commission's findings of reason to
20 believe that the Rock Island Committee and the Democratic Party of Illinois, and their
21 respective treasurers, violated 2 U.S.C. § 441a(f) by exceeding the Section 441a(d) limitation

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1 and to the finding that the State Party violated 2 U.S.C. § 434(b)(4) and (6) and 11 C.F.R.
2 § 110.7(c) by not reporting 441a(d) expenditures by subordinate committees. See pg. 20.

3 3. Receipt and Use of Impermissible Funds

4 The complaint also alleges that the Victory Fund received and expended funds that are
5 prohibited under the Act. The complaint attached the Victory Fund's 1998 state disclosure report
6 for its nonfederal account, which disclosed contributions from individuals that exceeded the
7 \$5,000 per election limitation, \$121,945 from labor organizations, trade associations and political
8 action committees, and a \$15,000 transfer from the Democratic National Committee ("DNC").¹⁸

9 As a political party committee with federal and nonfederal accounts, the Victory Fund
10 was required to allocate costs according to formulas set forth in the regulations. 11 C.F.R.
11 §§ 102.5 and 106.5. Consequently, whether the Victory Fund used impermissible funds in
12 connection with federal activity depends on whether it properly allocated its expenditures.

13 The Victory Fund's response to the complaint described its 1998 activities as "exempt
14 party activity" and "generic party activity." Exempt party activities must be allocated on a time-
15 space basis, and generic GOTV activities must be allocated on a ballot composition basis.
16 11 C.F.R. § 106.5. None of the Victory Fund's expenditures in 1998, however, was actually
17 reported as "exempt." Instead, the Victory Fund reported virtually all of its expenditures as
18 "Administrative/Voter Drive," and allocated those expenditures as joint 20% federal/80%
19 nonfederal activity. In 2000, the Victory Fund reported similar expenditures as "Administrative/

¹⁸ The Victory Fund's federal reports showed a total of \$60,976 in receipts in 1998. The sources of federal income included \$10,447 from individuals, \$55 from a political party committee, and \$55,400 from other political committees, including political action committees.

1 Voter Drive” and allocated them 29% federal/71% nonfederal pursuant to that year’s ballot
2 composition ratio in the 17th District.

3 Because distribution of certain Victory Fund materials appears to have been undertaken
4 as part of exempt volunteer activity, the committee’s expenditures for those communications
5 should have been allocated between federal and nonfederal activity using the space/time
6 allocation method set out at 11 C.F.R. § 106.5(e), not the ballot composition method used for
7 generic GOTV activities. If only one federal candidate was named and the communication urged
8 the election of that candidate, no allocation—or 100% federal—would have been warranted.

9 Given the apparently close relationship between the Victory Fund and the Evans
10 campaign, it is very possible that some of the Victory Fund’s communications and other
11 activities were attributable to the Evans campaign alone, requiring 100% of the activity to be
12 funded with permissible funds. Under any scenario, however, the Victory Fund’s use of the
13 ballot composition method of allocation for exempt activities would have resulted in lower than
14 appropriate federal allocations. Therefore, this Office recommends that the Commission find
15 reason to believe that the 17th District Victory Fund and Catherine A. Brunner, as treasurer,
16 violated 2 U.S.C. §§ 441(b) and 434(b) and 11 C.F.R. § 106.5(e) by using impermissible funds
17 for federal activity and by misallocating and misreporting expenditures.

18 4. Direct Mail

19 According to the original complaint, the Victory Fund paid over \$75,000 to Consensus
20 Communications, Inc., for direct mail services that contained express advocacy to elect Lane
21 Evans. The Victory Fund’s disclosure reports starting in June, 1998, itemized \$50,652 in
22 payments to Consensus Communications for “direct mail,” \$11,516 to the Post Office, \$2,018 for

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1 voter lists, and \$4,556 in printing costs for a total of at least \$68,742, not counting a percentage
2 of salaries. The Victory Fund reported of a total of \$13,748 in federal shares or 20% of costs.

3 The Victory Fund's response to the complaint stated: "The Committee did pay for direct
4 mail and postage services. . . . [T]he Committee, as party [sic] of its GOTV efforts, . . .
5 distributed generic party materials (see, for example, the mailing attached to the Complaint as
6 Appendix 3)." The first page of the four-page attachment to the complaint cited in the Victory
7 Fund response is entitled, "WHAT GOES ON BEHIND THIS DOOR CAN MAKE YOUR
8 FAMILY SICK." The remaining pages discuss the position of "Democrats" on health care issues
9 and contain no reference to a particular candidate. At the bottom of the third page is the
10 statement: "VOTE DEMOCRATIC ON TUESDAY, NOVEMBER 3," and at the bottom of the
11 last page there appears: "THE QUALITY OF OUR HEALTH CARE DEPENDS ON OUR
12 VOTES. VOTE DEMOCRATIC ON NOV. 3." (Attachment 3).

13 This particular direct mail piece appears to have constituted a generic voter drive
14 undertaking. *See* 11 C.F.R. § 106.5(a)(2)(iv). It named no individual candidate. It only
15 addressed a particular issue and urged readers to "Vote Democratic on Nov. 3." Accordingly, the
16 Victory Fund's expenditures for this activity were appropriately reported as generic voter drive-
17 related payments allocable between its federal and nonfederal accounts. *See id.* Generic voter
18 drive-related payments do not constitute contributions to candidates, and thus no violation of the
19 Act is apparent with regard to these activities.

20 5. Earmarking Allegations

21 The complaint also alleged that a union, the Chicago & Central States UNITE – PEC
22 ("CCSU"), made a contribution of \$3,000 to the Evans Committee on October 7, 1998 by means

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1 of a contribution sent to the Victory Fund. This contribution was originally reported in CCSU's
2 1998 Pre-General Report as "Transfer Lane Evans . . . Illinois 17th District," one of several
3 contributions to candidates reported in the same way. CCSU had already reported making a
4 direct contribution to the Evans campaign of \$2,500 on September 1, 1998. If the \$3,000
5 contribution were in fact earmarked for the Evans Committee, the result would have been an
6 aggregate of \$5,500, placing the contributions in excess of the \$5,000 limitation for multi-
7 candidate committees' contributions to candidates per election. *See* 2 U.S.C. § 441a(a)(2)(A).

8 The Reports Analysis Division sent a Request for Additional Information ("RFAI") to
9 CCSU on February 3, 1999, inquiring about the reporting of the contribution to the Victory Fund.
10 Specifically, the RFAI asked whether the contribution to the Victory Fund was intended to be an
11 earmarked contribution. CCSU responded on March 9, 1999, stating that the contribution "was
12 not earmarked as a contribution to a particular candidate nor did the Committee exercise any
13 control over how the contribution in question was used by the 17th District Victory Fund. . . .
14 [The] description of the contribution was incorrect. The contribution should have been described
15 as a 'contribution' to the 17th District Victory Fund for 1998." Attached to this response was an
16 amended report in which the purpose for the expenditure had been changed to "Contribution."

17 In his response to the complaint in this matter, the treasurer of CCSU stated: "The
18 notation originally on the report was merely an administrative notation of who was responsible
19 for soliciting the contribution for the party committee." Based upon CCSU's responses to the
20 RFAI and more recently to the complaint, it appears that no excessive contributions to the Evans
21 campaign arose from CCSU's contribution to the Victory Fund. Therefore, this Office
22 recommends that the Commission find no reason to believe that Chicago and Central States

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UNITE – PEC and James E. Skonicki, as treasurer, violated 2 U.S.C. § 441a(a) in this regard and close the file as to these respondents.

6. Contributions from Solange MacArthur and Robert O. Muller

According to the report filed by the Victory Fund with the Illinois State Board of Elections dated January 29, 1999, Solange MacArthur and Robert O. Muller of Washington, DC, together made three contributions on July 1, October 19, and October 24, 1998 totaling \$45,000. The complaint argued that these contributions were “solely intended to benefit the election of a federal candidate, Congressman Lane Evans.”

The response to the complaint submitted by counsel for Robert Muller and Solange MacArthur states:

The contributions [made by Mr. Muller and Ms. MacArthur] were not earmarked or designated in any way for Congressman Evans or the Evans Campaign. To the contrary, in each instance, the contribution consisted of nonfederal funds (see notations on each of the attached checks). As far as Mr. Muller and Ms. MacArthur are aware, the funds were lawfully used by the 17th District Victory Fund.

As discussed above, it appears that the Victory Fund in 1998 made no direct or in-kind contributions to the Evans campaign. Rather, its expenditures were almost entirely for either generic party communications or exempt volunteer activity. These expenditures required allocation between the committee's federal and nonfederal accounts, with the allocation formulae depending upon the activity involved, but included using legitimate, albeit sizeable, nonfederal expenditures toward which contributions could be accepted into the nonfederal account. See 11 C.F.R. §§ 102.5(a) and 106.5. Thus, there is no basis for determining that the two contributors identified by the complainant exceeded any limitation under the Act.

1 The three checks from Mr. Muller and Ms. MacArthur contained notations that they were
2 intended for nonfederal use. (Attachment 2). The checks were reported as deposited into the
3 Victory Fund's nonfederal account. As is stated above, the committee's mistaken use of one
4 allocation formula when another was appropriate may have resulted in the Victory Fund's use of
5 impermissible funds for federal purposes, but this occurred after the two contributors had made their
6 contributions. There are also no facts that indicate that Mr. Muller and Ms. MacArthur were aware
7 that their nonfederal contributions might be used for federal elections. Therefore, this Office
8 recommends that the Commission find no reason to believe that Solange MacArthur and Robert O.
9 Muller violated 2 U.S.C. § 441a(a) and close the file as to these respondents.

10 **C. Strategic Consulting Group and Related Respondents**

11 1. Background

12 The complaint alleges numerous violations of the Act in connection with activities
13 sponsored by the Victory Fund through Strategic Consulting Group, Inc. ("Strategic
14 Consulting"). According to the complaint, the Victory Fund made payments to Strategic
15 Consulting, which then allegedly provided "volunteers" who worked on behalf of the Evans
16 Committee. Specifically, the complaint noted payments in 1998 and 2000 by the Victory Fund to
17 Strategic Consulting that were allegedly used "for the living expenses and salaries of . . .
18 workers." The Victory Fund is registered with the Commission as a local party committee, and
19 the complaint contends that its disbursements to Strategic Consulting should have been reported
20 as in-kind contributions to the Evans Committee or coordinated party expenditures. This Office
21 identified \$100,000 in disbursements by the Victory Fund to Strategic Consulting in 1998 and an
22 additional \$85,875 in 2000.

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1 The complaint cited a news article by Edward Folker entitled "Volunteers work for Evans
2 but not for the Evans' campaign" that was published in the Moline, Illinois Dispatch on October
3 19, 1998. In this article, the reporter wrote that "at least 17 people from all over the country
4 came into the 17th District to work for the 17th District Victory Fund." According to the same
5 article, these individuals were part of what was termed a "campaign school."

6 Mr. Bertram [the head] described the school as a "Democratic party-
7 building organization" that has relied on phone calling and door-to-door
8 canvassing to reach some 60,000 voters since the group set up in eight area
9 counties Aug. 1. They also have put up yard signs, marched in parades and
10 offered a little public demonstration against Mr. [Mark] Baker [the
11 Republican opponent of Mr. Evans] – most notably a picket line against his
12 position on health care reform.

13
14 According to the same article, none of the "nine younger men" out of the twelve persons on this
15 picket line "would acknowledge that they were working for Mr. Evans' re-election." Another
16 news article not cited in the complaint, this one published in Campaigns and Elections, described
17 the Victory Fund as "the most important non-candidate activity, besides party soft money," in the
18 congressional race in that Illinois district in 1998. The article stated:

19 With a budget of roughly \$300,000 and 18 full-time volunteers
20 (with no salaries but expenses paid), this 'campaign school' group
21 mattered.¹⁹ The Victory Fund was financed by DNC soft money, labor
22 unions, and other interested groups and individual contributions. Some of
23 these contributors had 'maxed out' on direct contributions to the Evans
24 campaign.

25
26 The training and setup were provided by Strategic Consulting Group, a
27 Chicago-based consulting firm co-run by Bob Creamer, Citizen Action of

¹⁹ The source and composition of the \$300,000 figure is not given in the article. Presumably it covered, inter alia, the \$100,000 in payments to Strategic Consulting Group plus \$25,586 in reported telephone-related expenditures, \$15,300 in reported consulting fees, \$68,142 in voter list, postage and printing costs related to direct mail, GOTV and voter registration activities, and an undifferentiated amount of staff salaries. See further discussion below.

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1 Illinois activist and husband of Democratic congressional candidate (now
2 congresswoman) Jan Schakowsky. The group's volunteers focused on
3 phone calling and door-to-door canvassing to reach tens of thousands of
4 voters, culminating in a GOTV effort on election day.

5 David Magleby and Marianne Holt, "The Long Shadow of Soft Money and Issue Advocacy
6 Ads," Campaigns and Elections, May 1, 1999.²⁰

7
8 According to available information concerning the "campaign schools" run by Strategic
9 Consulting, the recruitment and training of volunteers were, and still are, primary components of
10 its services. Recruitment materials on the company's web site have stressed the benefits,
11 especially career enhancement, to potential volunteers of the field experience to be attained
12 through an assignment to a particular campaign.²¹ Less emphasis has been placed upon the
13 political benefits to the campaigns.

²⁰ A third article, this one published in 2000, described Strategic Consulting Group activities that year in the context of another congressional campaign in Nevada. According to the article, Strategic Consulting Group began supplying volunteers for political campaigns in 1998 in connection with the needs of the 1998 primary campaign of Congresswoman Schakowsky for GOTV volunteers. In the article, Mr. Creamer is quoted as saying that "we had to have a field operation that was second to none. To do that, we decided to recruit a cadre of people who wanted to learn a lot about careers in political organizing." According to the reporter, Strategic Consulting Group volunteers "don't get paid - except for out-of-pocket costs for food and gas - and they're expected to bring their own transportation." Jan Moller, "Group Organizes Volunteers," Las Vegas Review Journal, October 1, 2000.

²¹ The Strategic Consulting Group's web site stated with regard to the "2001 Democratic Management School" "This is your invitation to apply to participate in one of the most unique and exciting training programs ever conducted for people who are serious about a career in progressive politics." <http://www.stratcongroup.com/campaignschools.html> (visited September 13, 2001). The web site went on to state.

The first session of the Campaign School was held in Chicago during the winter of 1998. . . . Additional Campaign Schools have been held in more than 20 Congressional and Senate races and several local races throughout the country. Many participants have gone on to take important positions in Congressional, Senate and Legislative campaign, Congressional offices, and many other organizations."

Our Campaign Schools recruit young people from throughout the country who are interested in careers in political organizing. Participants receive training from some of the best political organizers in America while they develop field operations for political campaigns that mobilize thousands of volunteers and tens of thousands of voters. To

Continued on the next page

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1 The portion of the web site addressed to campaigns and candidates was more political. It
2 began: "The Campaign School only considers campaigns for Democratic candidates. Campaigns
3 must be well organized, adequately funded and committed to fully integrate Campaign School
4 Participants into significant campaign roles." <http://www.stratcongroup.com/assign.html> (visited
5 September 13, 2001). There was no indication in any of these 2001 website materials that
6 participants pay any form of fee for the training they receive, nor was there any indication that
7 they receive financial rewards beyond subsistence and reimbursement of travel costs.

8 The exact ways in which the volunteers supplied by Strategic Consulting to the Victory
9 Fund were organized and supervised in 1998 and 2000 were not set out in the complaint, in the
10 amendment, or in the responses. The complaint and responses contained no indication that the
11 volunteers were under the control of the Evans campaign, something the campaign itself has
12 stated was not the case. Nonetheless, the complaint alleges that the Evans campaign in 1998 was
13 fully aware of the Victory Fund's activities and credited those activities with helping reelect Mr.
14 Evans. Lane Evans is quoted as having stated during a televised debate: "We've had the help of

put together the kind of field organization that effectively involves thousands of
volunteers, campaigns need an infrastructure of motivated full-time organizers.
Campaign School participants provide that infrastructure SCG's Campaign Schools
provide us with a powerful tool for campaign field operations They also provide us
with a large, mobile pool of trained talent for use in electoral, issue and initiative
campaigns

--

The work will be intense – it will demand a total commitment

In return, you will be trained by some of the best organizers in the country, given room
and board, and out of pocket expenses. You'll probably develop relationships during
the program that will last a lifetime – both with professionals and with other
participants In addition, you will participate in a model campaign for a candidate you
can believe in

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1 some students from across the country come into this race. I'm very proud of them. They're part
2 of the so-called campaign school."

3 The Victory Fund's disbursements to Strategic Consulting were originally reported as
4 "consulting." Later, in its January 10, 2001 response to an RFAI dealing in part with the reported
5 purposes of these expenditures, the treasurer of the Victory Fund wrote that the funds "were used
6 specifically in recruiting volunteers for phone banks, door-to-door activities and get-out-the-vote
7 activities throughout the 17th District."

8 Strategic Consulting did not respond to the complaint. The response to the complaint
9 filed on behalf of the Victory Fund, however, addressed the committee's 1998 volunteer activity
10 by stating that it had hired Strategic Consulting "to train volunteer workers for the Committee
11 [the Victory Fund]." The response went on:

12 These volunteers then helped with the GOTV efforts of the Committee,
13 including contacting voters, helping with the distribution of materials,
14 putting up yard signs, door-to-door canvassing. The Committee did not pay
15 these individuals, nor did Strategic Consulting. The volunteers did receive
16 small stipends to cover their expenses. The Committee paid the consulting
17 firm on an appropriate federal/nonfederal split for general GOTV activities
18 and the activities undertaken did not have to be allocated to any candidate.
19

20 The response to the complaint filed on behalf of the Evans Committee stated that it understood
21 that the Victory Fund hired Strategic Consulting to train volunteers for its coordinated campaign
22 efforts. Further, the Evans Committee stated, "the individuals trained by the Strategic Consulting
23 Group were not under the direction or control of the Evans Campaign."

24 The information presently available indicates that in 1998 Strategic Consulting served as
25 a vendor performing functions related to GOTV programs for which it received compensation
26 over and above the costs of meeting the basic needs of the volunteers it recruited and supervised.

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1 There is no indication on the Strategic Consulting website, nor in the complaint, that this
2 company constituted an “issues group” or that it promoted a specific political agenda of its own
3 in either 1998 or 2000.

4 2. “Generic” or “Exempt” Status of Expenditures to Strategic Consulting Group

5 In order to determine whether the Victory Fund’s expenditures to Strategic Consulting
6 Group should have counted as a contribution to the Evans campaign, as alleged by the
7 complainant, it must first be ascertained whether the provision of volunteers constituted either
8 generic or exempt party activity, as the Victory Fund claims.

9 The complaint and the amendment to the complaint did not include copies of any
10 materials used by the Victory Fund for the GOTV activities of the volunteers, either during their
11 door-to-door visits or during their telephone conversations with potential voters. Therefore, it is
12 not known whether the Committee’s volunteer-related hand-outs and telephone scripts contained
13 solely generic language or cited specific candidates. Given the apparently close relationship
14 between the Evans campaign and the Victory Fund with regard to the volunteer activity
15 undertaken, it seems likely that at least some of the campaign materials distributed by the
16 volunteers named Mr. Evans. Campaign materials that mention a specific candidate cannot
17 qualify for the Act’s exemption for generic voter drive costs. *See* 11 C.F.R. § 106.1(c)(2).

18 The Victory Fund’s response to the complaint stated that it engaged in part in “exempt
19 party activities,” which presupposes candidate-specific activity. Local parties may spend
20 unlimited amounts for exempt activities, including distributing campaign materials that support
21 federal candidates. This exemption, however, is subject to a number of restrictions, including the
22 following: first, the materials must be distributed by volunteers, not through public political

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1 advertising or through direct mail; second, the party committee must not use funds designated for
2 a particular federal candidate; and third, the party must use permissible funds to pay costs
3 allocable to federal candidates. 11 C.F.R. § 100.8(b)(16).

4 *a. Volunteer Status*

5 The Commission's regulations exempt from the definition of "contribution" both services
6 provided by volunteers and the meeting by those volunteers of their own living expenses. 11
7 C.F.R. § 100.7(b)(3) & (8). The regulations also permit party organizations to pay for
8 volunteers' travel and subsistence. 11 C.F.R. § 100.7(b)(15)(iv). According to the legislative
9 history, the purpose of these regulations is "to encourage volunteers to work for and with local
10 and State political party organizations." H.R. Rep. No. 422, 96th Cong., 1st Sess. (1979),
11 contained in *Legislative History of the Federal Election Campaign Act Amendments of 1979*,
12 Federal Election Commission, (1983) at 193. The regulations do not address a situation in which
13 a party committee hires an outside vendor to recruit and train the volunteers who will be working
14 for the committee in support of particular candidates.

15 In the absence of Commission regulations directly on point, questions arise as to whether
16 the Victory Fund's hiring of Strategic Consulting to gather, train and apparently supervise a corps
17 of volunteers somehow negated the volunteer status of the individuals involved, and therefore the
18 application of the volunteer exemption to the Victory Fund expenditures for the activities in
19 which Strategic Consulting was involved. These expenditures would have included costs related
20 to the volunteers themselves and the costs of any materials distributed by the volunteers.

21 It can be argued that the recruitment and supervision of the volunteers through a vendor
22 turned the Victory Fund's relationship with the volunteers into a commercial one, despite the

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1 absence of monetary compensation of the volunteers themselves, by placing the volunteers at a
2 distance from the party committee. However, it can also be argued that paying a recruiter and
3 coordinator of volunteers through a vendor would not be substantially different from paying
4 committee personnel to perform the same functions, provided that the volunteers themselves
5 continued to stay within a voluntary status, i.e., so long as the volunteers were not compensated
6 beyond reimbursement for travel, room and board and "out-of-pocket" expenses.

7 Overall, the persons attending the campaign schools appear to have served as *bona-fide*
8 volunteers, though it is unclear whom they were volunteering for. Although this Office still has
9 questions about the nature of the volunteers and the activities they performed, the use of
10 volunteers trained and provided by a vendor does not appear to nullify the volunteer exception.
11 An investigation is needed, however, to confirm that the services provided by Strategic
12 Consulting were not materially different than if the Victory Fund trained and organized
13 volunteers in-house.

14 *b. Donor Intent*

15 The second issue related to the application of the volunteer exemption involves donor
16 intent. Payments made by a state or local committee of a political party for materials used in
17 connection with volunteer activities do not constitute contributions or expenditures under the Act
18 provided that they are made with funds that have not been designated by the donor for
19 expenditures on behalf of a particular candidate. 11 C.F.R. § 100.8(b)(16)(iii). A contribution is
20 deemed undesignated if the party committee "makes the final decision regarding which
21 candidates are to be benefited by its expenditures." *Id.*

1 An examination of the federal reports filed by the Victory Fund and by the Evans
2 Committee in 1998 reveals that nine federal PACs contributed to both the Victory Fund and the
3 Evans Committee. Five of these committees, which appear to be connected to unions,
4 contributed the maximum \$5,000 to both the Victory Fund and the Evans Committee. These
5 contributions raise questions as to the intent of the donors, as the contributions to the Victory
6 Fund came after contributions to the Evans Committee. The complaint cited the support of union
7 organizations for the Victory Fund, but did not include information regarding the Victory Fund's
8 solicitations of contributions. Thus, more information is needed to determine whether the
9 political committees making the aforementioned donations directed that their contributions be
10 used by the Victory Fund for the benefit of Lane Evans' campaign.

11 In addition to the pattern of contributions, there is further direct and circumstantial evidence
12 in hand of a close relationship between the Victory Fund and the Evans campaign, which indicates
13 that donors to the Victory Fund may have intended their contributions to be used to benefit Lane
14 Evans. First, there is the Victory Fund's provision of volunteers through Strategic Consulting
15 Group that benefited the Evans Committee. Second, the very name "17th District Victory Fund"
16 indicates that the creation of this committee was the result of a focus upon Mr. Evans' reelection as
17 the representative from that congressional district in Illinois. All of the cited media accounts
18 discussing the volunteers supplied by the Victory Fund mentioned the Evans campaign by name,
19 even though, given the committee's allocation formula, other campaigns also apparently were
20 intended beneficiaries. Therefore, there are several additional bases for questioning the intent of
21 contributors to the Victory Fund, and thus for an investigation into this issue.

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1 *c. Funds Used*

2 Another of the prerequisites of the volunteer exemption for party committees is that the
3 funds used for a federal activity, or federal portion of an activity, must be from permissible
4 sources. 11 C.F.R. § 100.8(b)(16). Whether one federal candidate is benefited by volunteer
5 activity or whether allocations between or among federal and nonfederal candidates are involved,
6 all costs allocable to federal candidates must be paid with permissible funds. *Id.* Additionally,
7 the local party may not use money transferred from the national committee to purchase campaign
8 materials. *Id.*

9 As detailed in the previous section, the Victory Fund's nonfederal account included
10 contributions that would be prohibited for use in federal activity, including a \$15,000 transfer
11 from the Democratic National Committee ("DNC"). Thus, the Victory Fund may have used
12 impermissible funds for federal activity, especially considering it allocated payments to Strategic
13 Consulting on a ballot composition basis, not on the time-space method. *See* 11 C.F.R.
14 § 106.1(a)(1). Additionally, if the Victory Fund used the \$15,000 transfer from the DNC to pay
15 for campaign materials, then any activity concerning those materials must be reported as a
16 coordinated party expenditure, not as exempt activity. *See* 11 C.F.R. § 100.8(b)(16)(vii).

17 Overall, regardless of the questions raised by the Victory Fund's use of volunteers
18 provided by Strategic Consulting Group, the available information indicates that the Victory
19 Fund may have used impermissible funds for volunteer-related activities. Because it is likely that
20 at least some of the campaign materials referred to Lane Evans, and because the Victory Fund
21 may have used DNC funds to pay for the campaign materials, there are sufficient grounds to
22 investigate these activities. Therefore, the Victory Fund's expenditures to Strategic Consulting,

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1 Inc. provide an additional basis for this Office's recommendation to find reason to believe that
2 the 17th District Victory Fund and Catherine A. Brunner, as treasurer, violated 2 U.S.C. § 441b.
3 See pg. 30.

4 There was no information in the complaint or in the amendment to the complaint
5 indicating that Strategic Consulting Group operated as anything other than a vendor of services
6 for the Victory Fund in 1998 or 2000. Currently, there is no indication that the fees paid to this
7 company were outside the ordinary course of business or that Strategic Consulting Group was
8 used as a conduit. Nonetheless, an investigation of the Victory Fund may lead to more
9 information on Strategic Consulting. Therefore, this Office recommends that the Commission
10 take no action at this time regarding Strategic Consulting Group pending investigation of the
11 activities of other respondents in this matter.

12 **D. Knox County Democratic Central Committee and Related Respondents**

13 **1. Political Committee Status of the Knox County Committee**

14 The Knox County Democratic Central Committee is not registered with the Commission.
15 As a local party committee, it should have registered as a political committee under the Act if it
16 met one of the following three thresholds during a calendar year: 1) it made more than \$1,000 in
17 contributions or expenditures; 2) it raised more than \$5,000 in contributions; or 3) it spent more
18 than \$5,000 on exempt party activities. 2 U.S.C. §§ 431(4)(C) and 433(a). As explained below,
19 the Knox County Committee appears to have made more than \$1,000 in expenditures in 1998.

20 The complaint in this matter provided evidence that the Knox County Committee made an
21 expenditure in 1998 for at least one radio advertisement that supported the candidacy of Lane
22 Evans. It appears that this was the same advertisement as that placed by the Rock Island Committee

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1 during the same period. As noted above with reference to the Rock Island Committee
2 advertisement, the complaint stated that Congressman Lane Evans was the only candidate
3 mentioned by name in the commercial and that listeners were told that "[n]ow it's time to stand by
4 Lane Evans." The advertisement ended with "On November 3rd, Vote for the entire Democratic
5 ticket."

6 The Knox County Committee stated in its response:

7 Our understanding . . . was that the Committee could undertake certain
8 general party get-out-the-vote activities for the candidates seeking
9 election as Democrats, including activities that involved a Federal
10 candidate, without incurring a registration and reporting obligation.
11 Among the activities undertaken, the Committee has traditionally placed
12 advertising in local newspapers and on local radio stations to encourage
13 voters to go to the polls and to vote for Democratic party candidates. The
14 advertisement cited by the Complaint was a part of the Committee's
15 GOTV efforts during the 1998 election. As you can see from the amount
16 in question (\$1,046), the effort was rather modest in scope.

17 The complaint attached documents that appear to reference the agreements between the
18 Knox County Committee and the radio stations that ran the ads. One document states that it was
19 submitted "on behalf of Demo. Central Com.," but cites the name "Lane Evans," on the line that
20 begins: "The broadcast time will be used by ____." The three forms attached to the agreement
21 also contain the name "Lane Evans" in the block headed "Announcement Name." (Attachment 4).
22 Thus, the \$1,046 payment for the advertisement appears to have been made by the Knox County
23 Committee in support of Lane Evans.

24 Generic party activity, as well as certain exempt party activity, does not constitute
25 expenditures under the Act. 11 C.F.R. §§ 106.5(a)(2)(iv) and 100.7(b)(16). Nonetheless, as was
26 discussed in the section on the Rock Island Committee, the radio advertisement cited by the
27 complaint does not appear to qualify for either exemption. First, the advertisement specifically

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1 refers to Lane Evans, thus nullifying the exemption for generic party activity. *See* 11 C.F.R.
2 § 106.5(a)(2)(iv). Second, public political advertising—such as through the radio—cannot
3 qualify for exempt activity. *See* 11 C.F.R. § 100.7(b)(16). Indeed, the Knox County
4 Committee's response to the complaint acknowledges that the costs of the advertisement
5 constituted a federal expenditure, stating that although it believed the radio advertisement to be
6 exempt GOTV activity, "We now understand that public political advertising cannot be a part of
7 this exempt activity."

8 Because the payments for the radio advertisement appear to be expenditures, the next
9 issue is whether the Knox County Committee spent more than \$1,000. The report filed by the
10 Knox County Committee with the Illinois State Board of Elections covering the period of July 1-
11 December 31, 1998 itemized two payments to Galesburg Broadcasting Co., one of \$1,046 on
12 October 22 and one of \$448 on November 3. Both were reported as being for "Broadcasting."
13 The two agreement forms for political broadcasts that were attached to the complaint are related
14 to Knox County Committee and show the same expenditure figures. Each is related to an
15 advertisement placed with WAAG/WGIL.

16 The radio advertisement contains the exhortation to "stand by" Lane Evans and the
17 Democratic ticket. Expenditures made on behalf of more than one clearly identified candidate
18 must be attributed to candidates based on the space and time devoted to each candidate as
19 compared to the total space and time devoted to all candidates.²² *See* 11 C.F.R. § 106.1(a)(1).

²² Lane Evans is the only clearly identified candidate that the radio advertisement supported. Absent Lane Evans being mentioned by name, the advertisement would have constituted generic party activity, which would have been subject to a ballot composition ratio of 20% federal/80% nonfederal *See* 11 C.F.R. § 106.5(d)

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1 The regulations do not specifically address allocating expenditures for communications that
2 combine generic party support with express advocacy, as is the case here. Nonetheless, the
3 Commission has approved of allocating such expenditures on a time-space basis to determine the
4 benefit reasonably expected to be derived by the clearly identified candidate. *See* Preliminary
5 Audit Report of Bush-Cheney 2000, Inc. (LRA #593). Thus, as with the communications by the
6 Rock Island Committee, this Office applied the time-space ratio to the radio advertisement and
7 calculated that the Knox County Committee appears to have made at least a \$962 federal
8 expenditure.²³

9 The complaint also attached documents related to the Knox County Committee's \$448
10 payment to WAAG/WGIL. One agreement indicates submission "on behalf of Knox Co. Dem.
11 Party"; however, the line for "broadcast time will be used by" reads "Knox. Co. Demo. Comm.,"
12 not a candidate. In addition, at the top, on the line beginning "for the office of," the words
13 "Democratic Ticket – Ride to Polls" are used and a handwritten note at the top reads: "Conflicts
14 w/all Republicans but not specific candidate." The text of the related advertisement is not in
15 hand. Thus, not enough information is available to determine whether a portion of this payment
16 constituted an expenditure or was generic GOTV activity.

17 The Knox County Committee's state report also included two additional disbursements for
18 "radio" not addressed in the complaint or in the responses. These payments were made to "WALK
19 Radio" in Galesburg on October 27 and November 4 in the amounts of \$324 and \$80 respectively.

²³ Specifically, this Office applied 92% of the total cost of the radio advertisement as a federal expenditure because the advertisement focused almost exclusively focused on Lane Evans and because less than 5 seconds (or 8% of the entire time) were likely spent urging listeners to vote for the entire party ticket

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1 The texts of the related advertisements are not presently available. Given the lack of information
2 regarding the content of the radio advertisement(s) placed on WALK radio for a total of \$404, it is
3 not known if any of these costs should be considered expenditures on behalf of Lane Evans or
4 another federal candidate. Again, further investigation is needed to determine the contents of the
5 advertisements placed by the Knox County Committee.

6 Given the content of the radio advertisement referenced in the complaint and the admission
7 by the Knox County Committee that it misunderstood the requirements for exempt activities, it is
8 not unreasonable to assume that at least a portion of the other payments for radio advertisements
9 would have constituted expenditures under the Act. Combined with the expenditure that resulted
10 from the radio advertisement referenced in the complaint, which was at least \$962, these other
11 payments probably put the Knox County Committee over the \$1,000 threshold for political
12 committee status. See 2 U.S.C. § 431(4)(C). Therefore, this Office recommends that the
13 Commission find reason to believe that the Knox County Democratic Central Committee and
14 Jeremy S. Karlin, as treasurer, violated 2 U.S.C. §§ 433(a) and 434 by failing to register and report
15 as a political committee.

16 2. Affiliation of the Knox County Committee with the State Party

17 The complaint alleged that the Knox County Committee is affiliated with the State Party.
18 The Knox County Committee's response to the original complaint confirmed affiliation with the
19 Democratic Party of Illinois: "The complaint by the Rock Island Republican Central Committee
20 goes on at great length to provide 'evidence' that the Committee is affiliated with the Democratic
21 Party of Illinois. The Committee confirms that it is affiliated with the state party." According to the
22 same response:

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1 The Knox County Democratic Central Committee is a subordinate party
2 committee of the Illinois Democratic Party. It is responsible for the day-
3 to-day activities of the Party in the Galesburg region of Illinois. It has,
4 for many years, conducted coordinated campaign efforts for Democratic
5 candidates in this region. Those efforts have consisted primarily of
6 assisting in educating the public about Democratic Party issues and
7 getting people out to vote on election day. The Committee is not, nor has
8 it ever been, registered with the Federal Election Commission.

9 The Knox County Committee's admission of affiliation with the State Party, combined
10 with its acknowledgment of participation in the party's coordinated campaigns over the years,
11 provides an additional basis for finding reason to believe that the State Party violated § 433(b)(2)
12 by not reporting affiliated committees. *See* pg. 17. The failure of the Knox County Committee
13 to report the State Party as an affiliated committee would provide an additional basis for finding
14 reason to believe that the Knox County Committee violated 2 U.S.C. § 434. *See* pg. 48.

15 3. Coordinated Party Expenditures

16 The complaint alleges that the Knox County Committee and the State Party made
17 excessive coordinated party expenditures. Expenditures made by state and local parties pursuant
18 to 2 U.S.C. § 441a(d) are subject to one limitation. 11 C.F.R. § 110.7(b)(1). In light of the Knox
19 County Committee's admitted affiliation with the State Party and involvement in the coordinated
20 campaign, further investigation is needed to determine whether the Knox County Committee
21 coordinated its activities with the Evans campaign.

22 The complaint provided information that expenditures for the radio advertisement by the
23 Knox County Committee—which urged listeners to “Stand by Lane Evans”—were coordinated
24 with the Evans campaign. The complaint attached the related NAB Agreement Form for
25 Political Broadcasts, which appears to have been completed and signed by Kevin Gash on behalf
26 of the Knox County Committee. As noted in the complaint, Mr. Gash also is shown on a report

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1 filed by the Evans Committee as the recipient of a salary payment. Therefore, the apparent
2 involvement of an Evans Committee employee indicates that the Knox County Committee's
3 payment for the radio advertisement may have been coordinated with Evans' campaign.

4 As discussed in previous sections, expenditures by the Rock Island Committee and the
5 Victory Fund appear to have exceeded the coordinated party expenditure limit in 1998.
6 Consequently, the Knox County Committee's coordinated party expenditures on behalf of Lane
7 Evans of at least \$1,046 resulted in additional violations of the coordinated party expenditure
8 limit. Therefore, this Office recommends that the Commission find reason to believe that the
9 Knox County Democratic Central Committee and Jeremy S. Karlin, as treasurer, violated
10 2 U.S.C. § 441a(f) by exceeding the limitations of 2 U.S.C. § 441a(d). In addition, the Knox
11 County Committee's expenditures provide additional bases for finding that there is reason to
12 believe the Democratic Party of Illinois and Michael J. Kasper, as treasurer, violated 2 U.S.C.
13 § 441a(f) and 11 C.F.R. § 110.7(c), and that the Rock Island Democratic Central Committee, the
14 17th District Victory Fund, and their treasurers violated 2 U.S.C. § 441a(f). *See* pp. 20, 28.

15 As with the Rock Island Committee and the Victory Fund, the State Party was responsible
16 for reporting coordinated expenditures by the Knox County Committee. *See* 2 U.S.C.
17 § 434(b)(4) and (6) and 11 C.F.R. § 110.7(c). Therefore, these expenditures provide additional
18 bases for findings of reason to believe that the Democratic Party of Illinois and Michael J.
19 Kasper, as treasurer, violated 2 U.S.C. § 434(b)(4) and (6) and 11 C.F.R. § 110.7(c). *See* pg. 20.

20 4. Receipt and Use of Impermissible Funds

21 The response received from the Knox County Committee stated that the committee "receives
22 contributions from individuals and other nonfederal committees." There is no indication in the

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1 response whether the contributions from individuals in 1998 were all within the \$5,000 limitation
2 on contributions to party committees per calendar year or that the Knox County Committee did not
3 use funds received from labor organizations, as did the Rock Island Committee, or from nonfederal
4 committees that accept contributions from sources that would be impermissible under the Act. It
5 would, therefore, appear that the Knox County Committee expenditures for federal activity here at
6 issue may have been made from an account containing impermissible funds.

7 In a footnote in its response to the complaint, the Knox County Committee stated that it
8 "receives contributions from individuals and other nonfederal committees. At all times in question,
9 the Committee had at least \$1,000 from individuals in its account." Nonetheless, further
10 investigation is needed to determine whether only permissible funds were used for federal activity.
11 Therefore, this Office recommends that the Commission find reason to believe that the Knox
12 County Democratic Central Committee and Jeremy S. Karlin, as treasurer, violated 2 U.S.C.
13 § 441a(f) and § 441b and 11 C.F.R. § 102.5(a)(1).

14 The complaint also cites Janet K. Hill, the chairman of the Knox County Committee, as a
15 respondent in this matter. There is no information in hand as to the role she played in the activities
16 leading to the apparent violations cited above. Nonetheless, further investigation of the Knox
17 County Committee may lead to more information on Ms. Hill's activities. Therefore, this Office
18 recommends that the Commission take no action at this time with regard to Ms. Hill.

19 **E. Democratic Party of Illinois: Additional Issues**

20 The recommendations above related to apparent violations 2 U.S.C. § 441a(f) and
21 11 C.F.R. § 110.7(c) by the Democratic Party of Illinois all arose from activities of several of the
22 State Party's affiliated committees. The complaint alleged other violations stemming from the

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1 State Party's own activities, specifically a television advertisement that mentioned Mark Baker,
2 the Republican opponent of U.S. Congressman Lane Evans in the 1998 general election.

3 According to the complaint, the State Party ran a television commercial in the Rock
4 Island and Quincy, Illinois media markets that stated as follows:

5 Who can we count on to fight for working families? Not Mark Baker.
6 Republicans like Mark Baker favor cutting Medicare by \$70 Billion to give a
7 tax cut to the rich. Baker doesn't even believe there should be a minimum
8 wage. He thinks families can live on less than \$11,000 per year. Mark
9 Baker's plan to privatize social security would put every retiree at risk. Call
10 your Congressman. Tell him to oppose Mark Baker's plan to hurt working
11 families.
12

13 The advertisement then listed a telephone number for the "Capital Switchboard" and contained
14 the disclaimer - "Paid for by the Democratic Party of Illinois." It also contained a picture of
15 Mark Baker.

16 The complaint argued that this commercial "attacks Mark Baker's character," "comments
17 on his accomplishments," and was aired during a period when Congress was not in session and
18 no legislation was "up for a vote in the House of Representatives" involving the issues
19 addressing the advertisement. According to the complaint, the Democratic Party of Illinois
20 should have reported the costs of this advertisement as "an independent expenditure, an in-kind
21 contribution or coordinated expenditure on behalf of Lane Evans." The complaint noted that,
22 according to the State Party's federal reports, the payments were apparently reported as allocated
23 expenditures for "Administrative/Voter Drive" and thus were made in part with nonfederal

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1 funds.²⁴ Attached to the complaint were copies of documents related to television buys for the
2 State Party in the Rock Island and Moline, Illinois and Davenport, Iowa media markets.

3 The response filed on behalf of the State Party argued that the reason the party did not
4 report the expenditures related to this television advertisement in any of the three ways cited by
5 the complaint was that the advertisement contained no express advocacy or "electioneering
6 message."

7 The advertisement referenced in the Complaint . . . rather contained only a
8 simple statement focusing on national legislative activity. The
9 advertisement seeks only to "gain popular support for the [party's] position
10 on given legislative measures." AO 1995-25. In this case, the
11 advertisement specifically references the Republican Party positions on
12 Medicare, taxes, minimum wage and social security. Moreover, the "call to
13 action" contained in the advertisement is to "call your Congressman." The
14 advertisement does not contain any electioneering message and does not
15 advocate the election or defeat of any candidate for federal office.

16
17 (State Party response, pages 5-6.) The response went on to argue for a "bright-line express
18 advocacy test" rather than what it terms a "vague electioneering message test" when analyzing
19 "issue advertisements." The response further argued that the advertisement was for party
20 building purposes—not in connection with the election of a federal candidate—thus rendering
21 the Act's coordinated expenditure provisions inapplicable. (State Party response, page 17). This
22 response did not address the question of whether there was coordination between the State Party
23

²⁴ The reports filed by the State Party with the Commission during the second half of 1998 included at least one payment on October 16, 1998 of \$262,500 to Greer, Margolis and Mitch for "General TV Mess." This firm appears on the media purchase documents related to television advertisements attached to the complaint. The payment was allocated 22% federal/78% nonfederal and reported as "Administrative/Voter Drive," resulting in an allocation of \$57,750 to federal activity.

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1 and the Evans campaign with regard to the advertisement. Lane Evans and the Evans Committee
2 summarily denied coordination in their response.

3 Although the advertisement mentions a candidate for federal office, it did not discuss the
4 election nor exhort voters to vote against Baker. Thus, the language of the advertisement does
5 not constitute express advocacy pursuant to 11 C.F.R. § 100.22. *See also* MUR 4982.

6 Nonetheless, the advertisement may have constituted a coordinated party expenditure. As this
7 report has detailed, there appears to have been a Coordinated Campaign with significant
8 interaction between local party committees, the State Party, and the Evans Committee. Although
9 the complaint does not provide as many supporting details to demonstrate coordination between
10 the State Party and the Evans Committee with this particular advertisement, viewed in light of all
11 the circumstances, the allegation merits further investigation. Therefore, the expenditures for this
12 advertisement should be added as a basis for finding that the Democratic Party of Illinois and
13 Michael J. Kasper, as treasurer, violated 2 U.S.C. §§ 441a(f) and 434(b). *See* pg. 20.

14 **F. The Honorable Lane Evans**

15 The above discussions of the activities and apparent violations of the Rock Island
16 Committee, the Victory Fund, the Knox County Committee, and the State Party have led to
17 recommendations that the Commission find reason to believe that the Evans Committee and its
18 treasurer violated 2 U.S.C. § 441a(f). The complaint also cites the Honorable Lane Evans as a
19 respondent in this matter. There is no information presently in hand as to the role Mr. Evans may
20 have played in the activities resulting in the apparent violations by his authorized committee.
21 Therefore, this Office recommends that the Commission take no action at this time with regard to
22 Mr. Evans.

V. PROPOSED DISCOVERY

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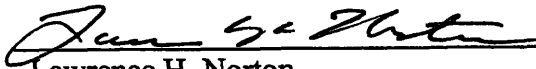
VI. RECOMMENDATIONS

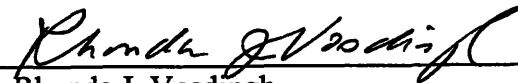
1. Find reason to believe that the Democratic Party of Illinois and Michael J. Kasper, as treasurer, violated 2 U.S.C. § 433(b)(2), § 434(b) and § 441a(f) and 11 C.F.R. § 110.7(c).
2. Find reason to believe that the Rock Island County Democratic Central Committee and Walter J Tiller, as treasurer, violated 2 U.S.C. § 433(a), § 434, § 441b, and § 441a(f) and 11 C.F.R. § 102.5(a)(1).
3. Find reason to believe that Friends of Lane Evans and Samuel M. Gilman, as treasurer, violated 2 U.S.C. § 441a(f).
4. Find no reason to believe that J.V. Consulting Services violated the Federal Election Campaign Act of 1971, as amended, and close the file as to this respondent.
5. Take no action at this time with regard to Michael J. Madigan, John Gianulis, and Janet K. Hill.
6. Find reason to believe that the 17th District Victory Fund and Catherine A. Brunner, as treasurer, violated 2 U.S.C. § 433(b)(2), § 441a(f), § 441b and § 434(b) and 11 C.F.R. § 106.5(e).
7. Find no reason to believe that Chicago and Central States UNITE – PEC and James E. Skonicki, as treasurer, violated 2 U.S.C. § 441a(a) and close the file as to these respondents.
8. Find no reason to believe that Solange MacArthur or Robert O. Muller violated 2 U.S.C. § 441a(a) and close the file as to these respondents.
9. Take no action at this time with regard to Strategic Consulting Group.
10. Find reason to believe that the Knox County Democratic Central Committee and Jeremy S. Karlin, as treasurer, violated 2 U.S.C. § 433(a), § 434, § 441a(f) and § 441b and 11 C.F.R. § 102.5(a)(1).
11. Take no action at this time with regard to the Honorable Lane Evans.


12. Approve the appropriate Factual and Legal Analyses.²⁵


13. Approve the appropriate letters.

8/2/02
Date


Lawrence H. Norton
General Counsel


Rhonda J. Vosdigh
Associate General Counsel for Enforcement


Mark D. Shonkwiler
Assistant General Counsel


Brant S. Levine
Attorney

Other Staff Assigned: Anne A. Weissenborn

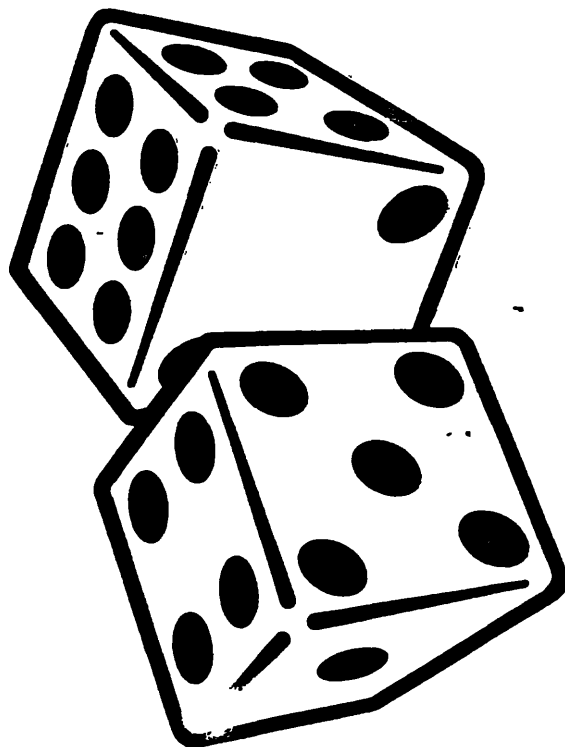
Attachments:

1. Mailers by the Rock Island Committee
2. Victory Fund Direct Mail
3. Radio Advertisement Placements by the Knox County Committee
4. Checks from Solange MacArthur and Robert O. Muller

²⁵Due to the complex issues presented in this Report, this Office has deferred preparing factual and legal analyses.

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**The Republicans are betting
that you and your family
will stay home
on election day.**



THEY LOSE!!

The Stakes Are Too High For Us Not To Vote November 3rd.

- Record Low Unemployment — Lower Crime Rates
- Quality Health Care For All Americans
- Lower Taxes For Working Men and Women
- Quality Education For Our Children

**On Tuesday, November 3rd, Vote For Congressman Lane Evans
And The Entire Democratic Ticket**

ROCK ISLAND COUNTY GOTV COMMITTEE

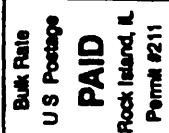
Congressman Lane A. Evans, Senator Denny Jacobs, 36th Dist.; Representative Joel Brunsavold, 72nd Dist.; Representative Michael J. Boland, 71st Dist.; Richard "Dick" Lalbovitz, County Clerk; Lu Ann Kerr, Treasurer; Michael L. Grchan, Sheriff; Joseph A. Vermelre, Regional Supt. of Schools; Pat Veronda, Recorder; Diana Robinson, Auditor; Marshall Douglas, State's Attorney; Sharon Anderson, Coroner; County Board Members Earl L. Bull, Dist. 1; Fred W. Schultz, Dist. 3; Walter J. Tiller, Dist. 5; Donald L. Jacobs, Dist. 6; Don "Whitney" Verstraete, Dist. 7; Kay M. Banfield, Dist. 10; Ted E. Davies, Dist. 15; John R. Brandmeyer, Dist. 16; Robert R. Bigford, Dist. 23; James E. Bohnseck, Dist. 24; Frank R. Fuhr, Dist. 25; William R. Armstrong, Dist. 8; Wanda Sweat, Dist. 12; LaVerne Ohlsen, Dist. 13; Catherine J. Wonderlich, Dist. 14; Patti J. Doonan, Dist. 17; John Malvik, Dist. 18; Johnny Ellis, Dist. 19; John Dingeldin, Dist. 21; Tom Rockwell, Dist. 22 and Lori Lafstein, Circuit Court Judge, 14th Judicial Circuit.

PAID FOR BY ROCK ISLAND COUNTY GOTV COMMITTEE

Rock Island County GOTV Committee

P.O. Box 3128

Rock Island, IL 61204-3128



*****ECRLOT**C036

or Current Resident

ROCK ISLA IL 61201-

LANE EVANS



He's more than a congressman

HIE'S A FRIEND OF THE FAMILY

"Lane's opponent wants to change our Social Security System to the one they have in South America. We simply cannot afford to let this happen."

— *Richard "Dick" Leibovitz, Rock Island County Clerk*

"No one works harder for our senior citizens than Congressman Lane Evans."

— *Denny Jacobs, State Senator*

"Lane has been endorsed by almost every Senior Citizen Group in the state and nation. He deserves and needs our support."

— *Mike Boland, State Representative*

"Congressman Evans has been a longtime supporter of our county nursing home. The needs of the residents and employees are truly his concern."

— *Lu Ann Kerr, Candidate - Rock Island County Treasurer*

**This Election Is Too Important To Stay Home On Tuesday, November 3rd.
Vote For Congressman Lane Evans And The Entire Democratic Ticket.**

ROCK ISLAND COUNTY GOTV COMMITTEE

Congressman Lane A. Evans; Senator Denny Jacobs, 36th Dist.; Representative Joel Brunsvold, 72nd Dist.; Representative Michael J. Boland, 71st Dist.; Richard "Dick" Leibovitz, County Clerk; Lu Ann Kerr, Treasurer, Michael L. Grehan, Sheriff, Joseph A. Vermelle, Regional Supt. of Schools; Pat Veronda, Recorder; Diana Robinson, Auditor, Marshall Douglas, State's Attorney; Sharon Anderson, Coroner; County Board Members Earl L. Bull, Dist. 1; Fred W. Schultz, Dist. 3; Walter J. Tiller, Dist. 5; Donald L. Jacobs, Dist. 6; Don "Whitey" Verstraete, Dist. 7; Kay M. Benfield, Dist. 10; Ted E. Davies, Dist. 15; John R. Brandmeyer, Dist. 16; Robert R. Bigford, Dist. 23; James E. Bohnsack, Dist. 24; Frank R. Fuhr, Dist. 25; William R. Armstrong, Dist. 6; Wanda Sweet, Dist. 12; LaVerne Ohlsen, Dist. 13; Catherine J. Wonderlich, Dist. 14; Patti J. Doonan, Dist. 17, John Malvik, Dist. 18; Johnny Ellis, Dist. 19; John Dingeldin, Dist. 21; Tom Rockwell, Dist. 22 and Lori Lefsteln, Circuit Court Judge, 14th Judicial Circuit.

PAID FOR BY ROCK ISLAND COUNTY GOTV COMMITTEE

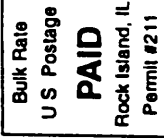
Rock Island County GOTV Committee

P.O. Box 3128

Rock Island, IL 61204-3128



Attachment 1
Page 4 of 4

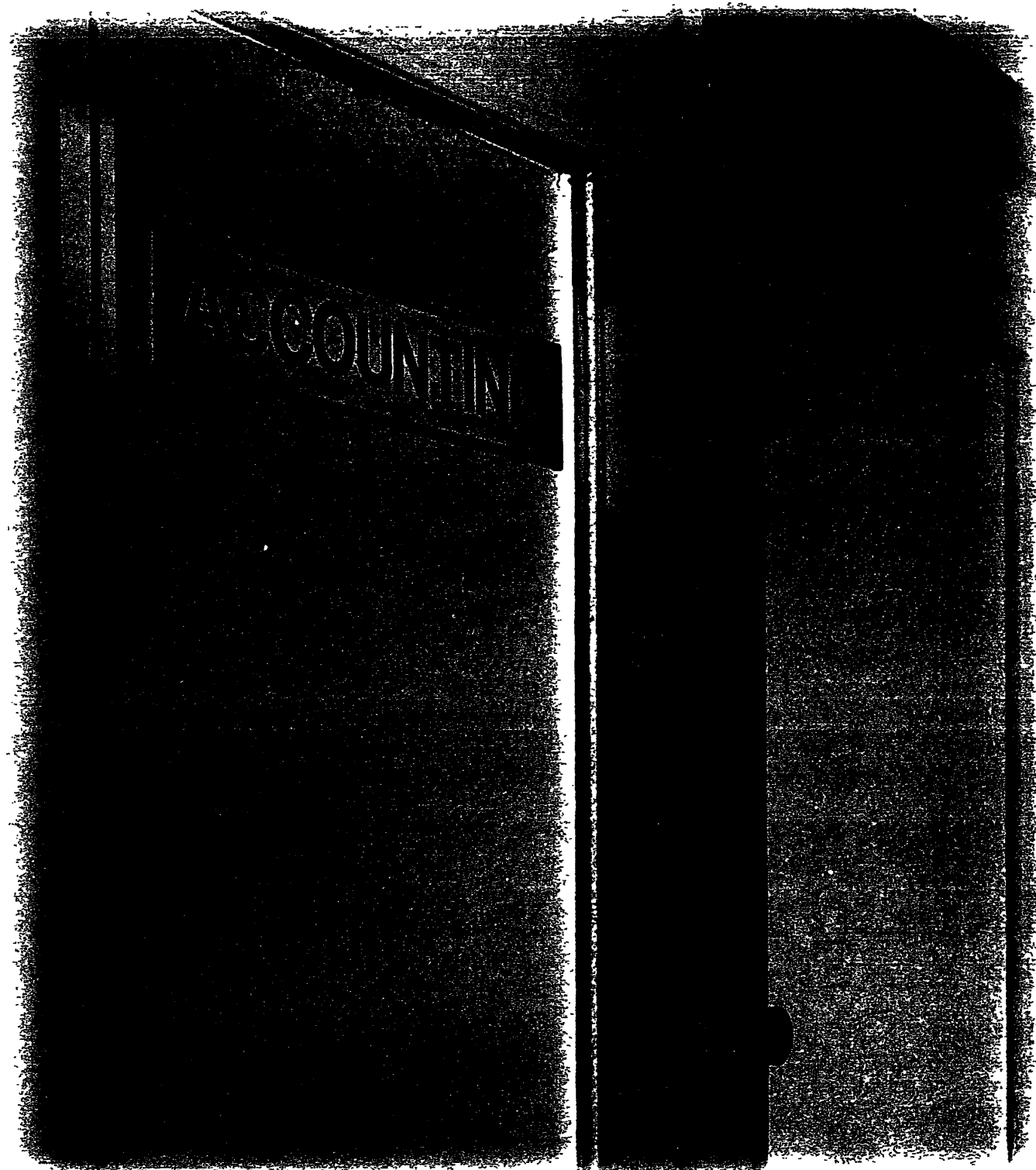


*****ECRLOT**

or Current Resident

ROCK ISLAND IL 61201-

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**WHAT GOES ON BEHIND THIS DOOR
CAN MAKE YOUR FAMILY SICK.**

Attachment 2

Page 1 of 4

**DEMOCRATS SUPPORT
A PATIENTS' BILL OF RIGHTS
TO PROTECT YOUR FAMILY.**

**REPUBLICANS ARE BLOCKING
PATIENTS' BILL OF RIGHTS LAWS.**



Attachment 2
Page 2 of 4

**On Election Day, our votes can
make sure health care decisions
are made by patients and doctors,
not accountants.**

Democrats from the U.S. House of Representatives to the State House have been working for reforms that put patients and their doctors back in control of health care decisions.

Democratic Patients' Bill of Rights Plan

- Choice of Doctor.
- All medical decisions are made by medical professionals, not accountants.
- Guaranteed access to specialist care.
- Coverage for all FDA-approved drugs and devices.
- Policies written in plain, simple English.

While Democrats fight to protect working families and safeguard our health care decisions, the Republicans are trying to stall and block meaningful reforms of HMO's. Instead, they are offering watered down proposals that are designed to protect HMO's and insurance companies from legal responsibility for their actions, rather than protecting patients' access to care.

Attachment 2
Page 3 of 4

The stakes are too high to stay home.

VOTE DEMOCRATIC
ON TUESDAY, NOVEMBER 3.

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THE QUALITY OF OUR HEALTH CARE DEPENDS ON OUR VOTES.

VOTE DEMOCRATIC ON NOV. 3.

If you need a ride to the polls, or information on where to vote, call 309-786-9033.

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17th District Victory Fund
P.O. Box 4482
Rock Island, IL 61204

Bulk Rate
U S. Postage
PAID
Rock Island, IL
Permit No. 295

Attachment 2
Page 4 of 4

Robert O. Muller &
SOLANGE D. MACARTHUR, M.D.
 2401 CALVERT STREET NW.
 WASHINGTON, DC 20008

15-7011924
 2543
 0658515E

8-14

DATE June 5, 1998

PAY TO THE ORDER OF 17th District Victory Fund \$ 5000.00

five thousand & 00/100th DOLLARS

CITIBANK
 CITIBANK P.S. 1-800-835-1067
 P.O. BOX 18967
 WASHINGTON, DC 20036-3967

MEMO Non-Federal S MacArthur

[REDACTED]

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SOLANGE D. MACARTHUR, M.D. 2401 CALVERT STREET NW WASHINGTON, DC 20008		15-7011924 2540 66585155 DATE <u>Oct 21, 1998</u>	928
PAY TO THE ORDER OF	<u>17th District Victory Fund</u>		<u>\$ 30,000.00</u>
	<u>Twenty Thousand & 00/100</u>		DOLLARS <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
CITIBANK CITIBANK, F.S.B. 1-800-926-1067 P.O. BOX 18967 WASHINGTON, DC 20036-0967			
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SOLANGE D. MACARTHUR, M.D. 1628 21st NW 2401 CALVERT STREET NW. DC 20009 WASHINGTON, DC 20008		15-7011924 2540 66585155 DATE <u>Oct 9 1998</u>	912
PAY TO THE ORDER OF	<u>17th District Victory Fund</u>		<u>\$ 10,000.00</u>
	<u>Ten Thousand & 00/100</u>		DOLLARS <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
CITIBANK CITIBANK, F.S.B. 1-800-926-1067 P.O. BOX 18967 WASHINGTON, DC 20036-0967			
MEMO	<u>not federal</u>		<u>[Signature]</u>
<u>[Redacted]</u>			